



# ***JPRS Report***

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# East Europe

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## HUNGARY

### New Electoral System, Possible Variations Discussed

25000335 Budapest MAGYAR HIRLAP in Hungarian  
1 Jun 89 p 5

[Article by Balazs Stepan: "Vote We Must, but When and How?"]

[Text] The political arena is free at present, but political organizations are struggling with identity problems. Most do not lack a definitive character—although we know virtually nothing about the programs of quite a few new and old organizations—but the legitimacy of the organizations is uncertain. They operate on the basis of a mutual bargain of sorts: I recognize you so that you recognize me. In reality, however, one cannot accurately estimate the mass base of both the new and the old organizations. It is true though that beginning with the Bajcsy-Zsilinszky Society and ending with the Federation of Free Democrats virtually all organizations have registered memberships, but the number of silent sympathizers is unknown. In this way, the next election will decide not only the fate of representative mandates. Through the election various political organizations will attain legitimacy. Most independent organizations acknowledge that they are self-appointed. It is for this reason that they feel that free, democratic elections are important. Accordingly, the upcoming election will be a watershed, whoever fails will probably disappear into the void. Even if the intellectual capacity of these organizations represents a multiple of the confidence expressed in votes cast by voters.

### One Must Prepare for the Elections

Accordingly, daily politics fundamentally defines how the elections should be. Despite this fact it is questionable to what permanent criteria it is worth tying the elections, because in addition to daily politics, elections must also express other values. Above all, the elections must adapt to the logic of the state organization. Although daily politics and the need for permanence do not necessarily contradict each other, the two establish different requirements in terms of electoral law. Proportional elections faithfully reflect society's political structure, at the same time however, they easily create unstable coalitions as a result of the constant tactical moves of shifting small parties. Disproportional representation, the system of individual voting districts, favors large and strong parties, and may result in the creation of stable government.

The mandate of National Assembly representatives expires on 8 June 1990, accordingly, pursuant to present requirements, new elections must be held on 8 September next year, at the latest. Aside from this formal requirement the idea of holding elections is also supported by the argument that the present Parliament does not reflect, even minimally, today's political structure of

society. It cannot reflect that structure, because the 1985 elections took place under completely different political circumstances. But this matter also raises the issue of the [proper] qualification of [this] Parliament, a matter [whose existence is] forcefully denied by the opposition organizations. The political vacuum that has thus evolved must be filled through elections. Yes, but when should the next elections take place and how should they be conducted? In constitutional lawyer and professor Peter Schmidt's opinion the elections should not be held in haste, because for the time being neither the opposition, nor the MSZMP (Hungarian Socialist Workers' Party) is appropriately prepared, let alone the fact that the technical conditions for administering elections cannot be established overnight either.

The requirements for a general, secret, direct, and equal electoral law are clear, nevertheless these do not reveal anything about the electoral system itself. All four conditions are the fundamental criteria of free and democratic elections, but these are defined from the standpoint of the citizen, and not of the organizations. These are not the requirements which decide what interests may be represented in Parliament, and how Parliament should manage conflicts. It is the answer to the "how" question relative to elections that determines the political profile of society in Parliament. Let us take a look what the various electoral systems have produced, what they are capable of accomplishing, and what dangers they hide.

In 1985 the electoral system was supplemented by the "mandatory two," with two nominees and with a national list. It is difficult to understand the mandatory duo, even though there is no doubt that it is through this route a few representatives with firm views made their way into Parliament, while a few holders of the rented [assumed] seats were rejected. The purpose of the national list is that the parliamentary structure based on votes cast by area, and representing the interests of areas be supplemented with another type of interest representation. Political organizations may obtain representation on the national list. This solution is reminiscent of an oddly distorted form of a bicameral parliament. Originally, bicameral parliaments came about in states having a federal system, in order to balance two kinds of inequalities. Representatives in one of the houses provided representation for area units, while members of the other house were spokesmen for the individual member states. In Hungary the national list functions because it's there, but the general view is that some protected individuals have made it into Parliament as a result of it.

Accordingly, at present the fate of the 387 mandates of the representatives in the National Assembly will be decided in the individual electoral districts. In such elections the focus is on the personality of the representative. This is how it is also in multiparty systems, even if the nominee appears on behalf of some party. Two kinds of elections are conceivable in individual districts.

If a plurality ["relative majority"] is sufficient to acquire a mandate, the issue of representation will be decided in the first round of the election. Thus it may occur for instance, that someone acquires a mandate by winning the support of a minority, of 30 percent of the electorate, while at the same time 70 percent of the votes carries no weight and is lost. This distortion is eliminated by an election held in two turns. In such elections nominees must acquire an absolute majority of the votes. If in the first round of elections no one acquires an absolute majority of the votes, in the second round the two candidates with the largest number of votes will run off against each other. This system significantly increases the parties' sphere of action, and expressly favors small parties. The first round tests strength, while in the second round the losers may begin to pursue tactical steps, their role increases, and the larger parties are forced to seek the support of weaker ones. And in the second round some significant political compromises are reached. Within individual districts, of course, not only the representatives of parties, but also independent candidates may run.

Individual districts produce disproportional representation, because the losing votes drop out. In given situations it is conceivable that 49 percent of the electorate does not acquire a single mandate. The disproportional character of this type of election is blunted if mandates are distributed even on the basis of losing votes. This situation may occur, if for instance 300 representatives of a 350-member parliament are elected in individual districts, and 50 mandates are distributed among the parties, in proportion to the losing votes. The merit of the disproportional electoral system is that it creates a stable government. The majority party controls parliament, and a lasting government crisis is ruled out.

#### **Proportional Representation, With a List**

Proportional representation is established through an electoral system in which votes are cast for lists. Voters select from among lists, each listing the names of persons recommended by the parties, and the parties share the mandates in proportion to the votes cast. Such elections assure parties of a broad sphere of action. Election alliances, party coalitions and mediation play important roles.

In the framework of proportional representation the role of small parties increases greatly, because as partners in a coalition they may gain influence in regard to political decisions of a national scope. Unless only two parties compete for the majority vote, proportional representation may lead to coalition government and the threat of a continuous government crisis exists based on the relative strength [of each coalition member] at a given moment.

The personality of a representative does not necessarily get lost in an election where votes are cast for a list, even though in voting for fixed lists voters cast their votes for

parties. They may not select from among the names on the list. The open list dissolves this constraint. Voters may cast their votes not only for a party list, but within the list they may define which candidate they would like to see acquire a mandate. In the framework of an open list then, citizens vote for a party through the persons of the candidates; accordingly, in contrast to the party program, the candidate as a person comes to the forefront.

Parties may run their representatives on national or county lists. National tickets favor centralized parties, while county lists strengthen more loosely knit party organizations.

In Hungary it was the individual voting district and representation by area that brought about one of the fundamental institutions of electoral law: the right to recall. Vis-a-vis the parliament which operates on the basis of representing the interests of given areas, the right to recall provides the only means available to voters to evaluate and control their representatives, and through the representatives the workings of parliament. It is yet another matter that for decades not a single recall has taken place.

#### **A System With Two Votes, Combinations**

The next elections will recast not only the character of popular representation, but also the political profile of society, by legitimizing the functioning of various social and political organizations. Accordingly, the stakes are high in the context of what kinds of electoral concepts are presently discussed.

Professor Peter Schmidt presented his concepts regarding electoral law at the Law and Political Science department of the Lorand Eotvos University of Sciences. In his view "representation must be made suitable for the expression of political views and endeavors, and also for the integration of such views and endeavors.(...) If, on the other hand, elections are capable of expressing only the differences or only the opposition, this may drive society in the direction of anarchy. In establishing political alliances, there is a need to take steps in the direction of unity, and the formulation of these steps must be assisted also by way of the rules of electoral law." Accordingly, pursuant to the professor's recommendations, about half of the representatives should be elected on the basis of votes cast for lists, while the rest should be elected from individual voting districts. Lists would inspire the establishment of political alliances, while the idea of individual voting districts is supported by the argument that "it is more practical if political goals are not defined by organizations (parties), but by individuals."

A somewhat similar concept is contained in the program of the Federation of Free Democrats. According to this conception three-fourths of the parliamentary seats would be acquired within individual districts, while one



fourth would be designated by voting for lists. Every citizen would have two votes. The first vote would be cast for a specific candidate for representative, while the second vote would be cast for the list sponsored by one or another political grouping. This concept is also part of the concept developed by the Ministry of Justice. In a 2-vote system half of the mandates would be acquired by the parties, in proportion to the votes cast for the various parties. Another concept advanced by the Ministry combines the single-mandate and multiple mandate-system. One representative would represent 30,000 people. Smaller settlements—with less than 30,000 inhabitants—would jointly constitute an individual voting district, while in larger settlements of 60,000 inhabitants candidates would run on lists. The third alternative would allow the individual districts to, but the rules for nomination would change. Every party would have an opportunity to nominate a candidate, and independent candidates could also run of course.

Electoral systems are a technique, several concepts are being discussed, and it is a matter of political bargaining how the next elections will be conducted.

**SzOT Official on Compromise With Government**  
*25000296a Budapest NEPSZAVA in Hungarian*  
*19 May 89 p 3*

[Interview with SzOT Executive Secretary Laszlo Sandor by Jenő Toth: "What Concessions Have the Government and the SzOT Respectively Made?"; date and place not given]

[Text] At the Wednesday [17 May 89] press conference on the meeting between the SzOT [National Council of Trade Unions] and the government, both sides repeatedly emphasized that the announced decisions were compromise solutions. But little was said about what each side had been willing to compromise on. We interviewed Laszlo Sandor, the executive secretary of the SzOT.

[NEPSZAVA] What concessions have the government and the SzOT made respectively?

[Sandor] First of all I would like to emphasize that the compromises were reached between the top leaders of the government and of the SzOT. In view of the importance of the matter, in other words, every official concerned regarded it as mandatory to attend the talks personally, instead of being represented by deputies. In my mind, that also means that implementation of the agreements is guaranteed.

[NEPSZAVA] How far apart were the positions of the two sides at the start of the talks?

[Sandor] We were fairly far apart when we started narrowing the gap between our respective standpoints. During the meeting, which lasted nearly 8 hours, the negotiating delegations requested five or six breaks in

which they calculated the variations on their pocket calculators. To illustrate how wide the gap was, suffice it to say that the SzOT Presidium had made public its demands before the talks. Those demands called for a total compensation of about 9.0 to 10.0 billion forints, according to the various alternatives. We placed the main emphasis on blocking the proposed price measures, and we were considering what social policy offsets to demand only as a second choice, in case our attempts to block the price measures failed.

The government's initial position was that it would introduce the announced price increases whatever happened, and it had in mind only relatively modest compensatory measures, on the order of 5.0 billion forints. The final result is common knowledge. It was a compromise, which is also borne out by the fact that we were able to get the government to abandon one of the two large items of increase, namely the proposed increase of water and sewer rates, and to scale down the other item, the proposed increase of household energy rates.

[NEPSZAVA] How much of an increase in household energy rates have you agreed on?

[Sandor] The plans originally included two versions that called for an average increase of 30 and 23 percent respectively. In the end we agreed on an average increase of 20.4 percent, with the understanding that the government would decide how to distribute that average. I wish to note that abandonment of the proposed increase in water and sewer rates will effectively save the population approximately 2.5 billion forints.

[NEPSZAVA] What was the controversy regarding social welfare measures?

[Sandor] It was mutually agreed that the retired persons whose situation is the most serious ought to be the focal point of the compensatory measures, and that a reduction of the financial burden of raising children ought to be the other main objective. Here the compromise means that we have been able to alleviate the plight of the retired persons who are in the most difficult situation financially: Together with the present agreement, the pensions of persons receiving less than 5,000 forints will be raised by 660 forints this year, which will fully compensate for the rate of inflation. In my opinion, this compromise is fully acceptable and should be appreciated in the present situation. This increase will affect 1.8 million persons, including recipients of disability pensions.

Regarding the other main objective, unfortunately we have been only partially successful. We had demanded that family allowances be raised by 250 forints. The government is unable to provide fiscal coverage for such an increase in the present circumstances, and did not even consider doing so. After all, there are 2.5 million persons entitled to claim family allowances. On this occasion, therefore, we have been able to obtain an

increase of only 150 forints. But the government has pledged to consider at the beginning of next year the preservation of the family allowance's purchasing power.

I do not wish to list everything again, but the further results are by no means negligible, such as 500 million forints more for the councils to provide welfare assistance, 200 million forints to raise marital allowances, free passes for persons over 70 to travel anywhere within the country by rail or bus, and restoration of the 50-percent rail fare discount for persons employed in public services (not just public employees, in other words).

[NEPSZAVA] As we well know, the first three hours of the meeting were devoted to speaking frankly and clarifying the country's situation, which was one of the conditions the SzOT had set for holding the meeting. I am not requesting a detailed analysis from you on this occasion, but I feel obliged to ask: Is the situation of the national economy better or worse than what the SzOT thought?

[Sandor] On the basis of certain new information, I must say that the country's situation is much more serious than we realized. Also for this reason it is very important that we exercise mutual self-restraint, and that we see consistent efforts on the part of the government to extricate us from our present difficulties. We must prepare for a long struggle because we are starting out from a very low point. But we see that this government is showing a greater willingness to take employee interests into consideration and to reconcile interests.

[NEPSZAVA] Under these circumstances, you were unable to present more wage demands?

[Sandor] First of all, I wish to point out that the National Council for the Reconciliation of Interests (OET) is the body that must decide on wage issues. Thus any agreement between the SzOT and the government merely authorizes their representatives to present a unanimous proposal at the meeting of the OET, because no decision can be made without the Economic Chamber. But the prospects with which we will be going to the OET meeting next Friday [26 May 89] are very good, in that several chronic problems can now be solved. The resources have been found to raise wages centrally as of 1 July: 400 million forints for railroad workers, and about 95 million forints for certain professions in the performing arts where wages have been lagging considerably behind rising costs of living (certain members, musicians, and technicians of theatrical companies, and members of symphony orchestras).

[NEPSZAVA] The statement at the press conference that the questions of pay for women assigned to night shifts would also be placed on the agenda of the OET was not quite clear. What is it supposed to mean?

[Sandor] As is probably already evident from what we have discussed so far, this meeting has been family centered. The statement reflects our decision that some solution must be found for the problem of the 90,000 to 100,000 women, including many mothers, who are working night shifts. It would be best if women were not required to work at night. We realize, however, that the existing realities preclude the immediate adoption of such a solution. But better financial recognition of the work done by women on night shifts could be the first step in that direction. We could raise wages on night shifts high enough to compel employers to stop and think what is the more advantageous for them: to retain the third shift, or to organize production so that the same volume of work can be done in two shifts. We have proposed urgent consideration of this problem by the National Council for the Reconciliation of Interests.

[NEPSZAVA] At the press conference it was announced that the enterprises which otherwise would be unable to afford even a 3-percent raise will be given an opportunity to increase wages without having to pay tax on the increase. How many such enterprises are there?

[Sandor] Reports indicate that there are about 35 or 40 such enterprises, mostly in light industry. These enterprises play a key role in fulfilling the export quotas to which the state has committed itself; their export to capitalist countries is likewise considerable; and they are also essential from the viewpoint of supplying domestic demand. Thus, in contrast to the opinion of many people, there is a need for the output of these industries. That is why we are urging that these enterprises be allowed to raise wages by 3 percent tax-free.

[NEPSZAVA] According to what you have said, the SzOT made the biggest concession on the issue of family allowances.

[Sandor] Yes, as far as social policy measures are concerned. On wages, the government does not now have the resources to meet all our demands. We had demanded that the wages of workers paid from the state budget be raised commensurate with the foreseeably 10- to 12-percent increase expected in the so-called competitive sphere, rather than by the 6-percent increase they will now be getting. The government saw no possibility for this at present, but it promised that automatic cost-of-living adjustments might be introduced as of the beginning of next year. We also had to abandon our demand that specialists in science and technology be given preferential wage adjustments.

[NEPSZAVA] To what extent is implementation of the agreements jeopardized by the fact that on Wednesday you were counting your chickens before they hatched, in the sense that parliament had not yet approved the government's package plan?

[Sandor] Admittedly, as I have pointed out at the press conference, a meeting between the SzOT and the government is not a decisionmaking forum. It is a forum for reconciling interests and reaching agreements. But only the government, parliament, or the OET can make the decisions final. However, I am very confident that these agreements may be regarded as final. For I cannot imagine a responsible parliament altering these agreements at the employees' expense. Incidentally, the trade union faction within parliament now has 35 members—10 percent of the total number of deputies—and is gaining strength. We are not making any secret of the fact that we will be asking this faction to forcefully represent the interests of employees when parliament meets.

[NEPSZAVA] How satisfied are you personally with the agreements reached at the meeting between the SzOT and the government?

[Sandor] We realize that the present agreements do not solve any of the fundamental questions and merely alleviate the burdens. But today, when the state budget must be salvaged from the brink of bankruptcy, we appreciate the fact that the government is submitting to parliament a package plan containing 35 billion forints' worth of emergency measures. And we are also aware that, in my opinion, predominantly the series of interventions by the trade unions can claim credit for the fact that the package plan does not place any additional burdens on individuals or enterprises. Indeed, on the basis of the meeting between the SzOT and the government, the package plan is reducing the population's burden by nearly 10 billion forints. [end interview]

#### Agreements Reached After Press Conference

After the evening press conference, the SzOT and the government discussed several more issues, about which we received the following press release:

The government and the SzOT are setting up a joint working group of experts to prepare within 3 months a proposal on a new mechanism for reconciling interests, on modernizing the system of meetings between the leaders of the government and the SzOT. The participants have agreed on similar discussions by experts to debate the concept of providing organized holidays at reduced prices, and the specific questions of their financing. A joint review of price and wage indexing has also been proposed. And a joint committee is being formed to draft a new labor code and a new trade union law.

In the miscellaneous category, the trade unions raised numerous questions on which the following agreements have been reached:

- Representatives of the Ministry of Justice and of the SzOT will hold talks on preserving the legal aid that the trade unions are providing for their members;

- The SzOT will draft a proposal on the protection of trade union officials, and will discuss the draft with representatives of the government;
- A reduction of the state's contributions toward the costs of holidays organized by the SzOT will not be a part of the package plan, but the government cannot undertake to absorb the cost increases in excess of the plan. The question of financing organized holidays in 1990 as the year of transition will have to be considered anew within the framework of annual planning;
- Representatives of the government have agreed that the subsidies for the cultural institutions managed by trade unions cannot be reduced in the package plan, because these are targeted cost reimbursements of cultural activity, rather than SzOT subsidies;
- The SzOT Presidium will discuss on 19 May the government's package plan to cut subsidies and reduce the state budget deficit;
- The government will meet with the leaders of the vertical and horizontal unions to discuss the problems and debate the interrelated questions.

#### Publishers Union To Decide Future Affiliation 25000296b Budapest NEPSZAVA in Hungarian 19 May 89 p 7

[Interview Janos Berenyi, secretary of Journalists and Newspaper Publishers Trade Union, by Irene Szabo: "The Delegates Will Decide Where to Belong"; date and place not given; first two paragraphs are NEPSZAVA introduction]

[Text] We rarely speak about ourselves in public. When occasionally the news spreads that a journalist's average life expectancy at birth is less than 50 years, or that we rank among the top three professions in terms of occupational hazards, the public is not even amazed. When the question of our remuneration is raised, what becomes fixed in the public's mind is the impression that we are well paid, rather than that we are overworked and have to struggle to make ends meet. Up to now the problems of representing our interests have remained mostly our internal affair, because the "history" of our unfair treatment is the history of the party-controlled Hungarian press, whose remuneration, commensurate with the importance of its role, the party has never considered important. A new era in representing the interests of print media employees began in November of last year, when the Journalists and Newspaper Publishers Trade Union became independent and announced that it would continue to function as a member organization of the Gutenberg Trade Union Federation, until its own membership finally decided the matter of its affiliation.

Our trade union will hold its first national congress at the end of May. Janos Berenyi, the responsible editor of LAKASKULTURA, has been the trade union's secretary for the past 6 months, and his mandate is now expiring. We interviewed him about all topics of interest to our 2,500 members: journalists, and employees of editorial offices or newspaper publishers.

[NEPSZAVA] What, if anything, can be expected of the upcoming congress?

[Berenyi] I would like to point out that this congress will be our organizational meeting. The members will finally decide to approve or reject everything that at present bears the imprints of being temporary. I have in mind the question of our affiliation, our trade union's program, our trade's collective agreement, and our bylaws. Consider, for instance, the question of our affiliation. The congress may elect to belong to the Gutenberg Trade Union Federation or the Fine Arts Trade Union Federation; and it may choose to remain independent or may decide to form an information employees trade union federation. The union's board of secretaries is of the opinion that, because of the problems and tensions which have accumulated within the press, the question of what action to take must be decided solely on the basis of where we stand and what our interests dictate. Those are the only considerations. Our colleagues who work for the electronic media, and who belong to the Fine Arts Trade Union [Federation], will be holding their congress a few days before ours. I wish to note that, for financial and economic reasons, our trade union will remain affiliated with the Gutenberg Trade Union Federation until the end of 1989, regardless of what the delegates decide.

[NEPSZAVA] It was I who reported in this paper last November about the national conference which ended with the decision of the four trades—i.e., the printers, paper-industry workers, journalists, and publishing house employees—to separate, but to retain temporarily their affiliation with the federation. At that time the delegates of the journalists were drafting a statement of intentions comprising seven points. Have those intentions not become outdated in the meantime?

[Berenyi] No, they have not, with the exception of one point. That is the point which declared the principle of one workplace, one trade union. The other intentions remain valid even today. Nevertheless, I would like to add that I am not in favor of forming a general federation. There is no sense in saying that the federation is a new form, when everything in its internal content remains the same as before. It must be the sovereign right of every trade to decide with whom it wants, or does not want, to be affiliated. Naturally, we do not want to forego the advantages of affiliation with a federation, nor to renounce the principle of solidarity. I am convinced that even if our trade union should decide to move in the direction of independence, that would not mean renunciation of our solidarity with the printers or paper industry workers or publishing house employees. On the other hand, however, we feel that only a federation with common objectives makes sense, because that also presupposes a common content.

[NEPSZAVA] To my knowledge, the documents for the congress are ready. They include a draft of the Journalists and Newspaper Publishers Trade Union's program. Is that merely a list of demands?

[Berenyi] The executive officers of the print media workers' trade union have used the 6 months since its formation to draft all the basic documents. That also includes a draft of our union's program, one that is not permeated with the spirit of negation, because that would lead us nowhere. To briefly characterize the draft program, I would say that it is practical, devoting as much attention to the nonjournalist employees of editorial offices and newspaper publishers as to our approximately 3,000 members who are professional journalists. The union's board of secretaries took its tasks seriously. It set up, for example, an "exploratory committee" to probe the trade union work of our colleagues in the electronic media, and we have utilized much from their experience. We have established contact with our freelance colleagues, because the representation of their interests is unsolved. The mapping of the several hundred workers employed by cable TV, and the exploration of their intentions are in the information-gathering stage. We know that the colleagues who transferred to the alternative and independent newspapers have resigned from the trade union. I do not think that they are indifferent to the unsolved question of who should represent their interests.

[NEPSZAVA] Four weeks ago, you and the chairman of the Journalists and Newspaper Publishers Trade Union wrote a letter to Minister of State Imre Pozsgay, requesting that a representative of the trade union be given a seat on the newly formed Information Policy Collegium. The union's participation ought to be obvious and understood. Does it still have to be requested in this day and age?

[Berenyi] Yes, it seems so. But the important thing is that the reply we received was in the affirmative. We also requested that our trade union not be excluded from the work on drafting a new information law. If for no other reason, this is already important because the first point of our draft program reads: "We demand an open press, support the principle of normative openness in the press, and wish to participate in shaping and creating it. We will be able to accept only an information law drafted in this spirit."

[NEPSZAVA] Does the program of the Journalists Trade Union contain anything that could be considered novel?

[Berenyi] Yes. For instance, the idea of setting up a council for the reconciliation of trade interests, which among ourselves we have dubbed "the arbitration board." Its members would be the leaders of the MUOSZ [National Federation of Hungarian Journalists], the chiefs of the larger newspaper publishers, and the elected officers of the Journalists and Newspaper Publishers Trade Union. They would be accountable for the decisions and resolutions that are not implemented. We believe that such a body could do much to ensure that our intentions are realized everywhere, for the sake of prestige if for no other reason. This, of course, is merely a technical novelty. There are novelties of



another kind as well. Our program declares our intention to control the placement of senior journalists who lose their jobs at papers that have folded for various reasons. It states that we intend to oppose, jointly with the MUOSZ, any attempt to place full-time officials of political organizations who are about to lose their jobs due to retrenchment in the editorial positions our professionally trained journalist colleagues should be holding. In plain language, we will not let the editorial offices and newspaper publishers serve as havens for those who have nothing in common with our profession.

[NEPSZAVA] The union's board of secretaries is probably aware that the launching of new newspapers means not only professional competition, but real wage competition as well. The salary gap between journalists working for the traditional newspapers and the independent ones is very wide, in the latter's favor. How do you people feel about this?

[Berenyi] It is indisputable that the salaries the new newspapers are paying are at least as attractive as the promise of their real or imagined intellectual independence. Otherwise the Journalists and Newspaper Publishers Trade Union feels that the salaries of highly qualified journalists should be at the level of the salaries that the editorial offices of the independent newspapers are now paying their staff members. For that very reason we are planning to prepare, as a part of the trade's collective agreement or its supplement, a wage offer that will take the foregoing into account, as well as the annual rate of inflation. We are convinced that the editorial offices which fail to recognize the salary ratios evolving at the independent newspapers as a reality and a threat will soon lose their best-qualified journalists. Thus the in-house adjustment of salaries is a matter of life and death for the newspaper publishers.

The Journalists Trade Union will be holding its one-day congress on 31 May, in the Gutenberg Cultural Center.

#### **Lawyers Urge Revision of 'Crimes Against State' Laws**

25000254a Budapest *MAGYAR NEMZET* in  
Hungarian 26 Apr 89 p 4

[Text] The last session of the Independent Lawyers' Forum was devoted to reforming the Penal Code. In their opinion, the review of certain sections cannot await a comprehensive revision of the Penal Code. The most urgent task is the regulation of crimes against the state. "Crimes" which limit the freedom of expression or threaten political arguments with penalty are no longer viable. Crimes against the state are those which offend or threaten the independence of the state, or the constitutional order corresponding to the democratic rules of the game. Notions not given to legal interpretation must not play any role. For this reason the concept of conspiracy must be changed, since at present even a peaceful attempt at altering the current system is punishable, provided it is contemplated by at least two individuals.

On the other hand, persuading a foreign power to intervene with force is punishable. Rules against mutiny are also obsolete, since today members of a group expressing in any way dissatisfaction with the political, economic, or social situation, can be taken to task. The legal definition of incitement can be applied to prevent freedom of expression. The forum also considers suspending the definition of assassination. They recommend the deletion of the death penalty from the penalty options for crimes against the state. They recommend the modification of regulations regarding those common criminal acts which do not conform to a lawful state or to the functioning of market economy, such as truancy endangering the public, scalping, and some exchange control infringements. The forum is forwarding its position to the Opposition Round Table and to the Ministry of Justice.

#### **Members of Committee Reviewing Show Trials Named**

25000254b Budapest *MAGYAR NEMZET* in  
Hungarian 26 Apr 89 p 4

[Text] A committee consisting of criminal lawyers and historians has been established by the government for the review of show trials, it was announced on Wednesday. The committee is charged with the examination of criminal processes which took place between 1945 and 1962. To assist the committee in its work, all lay and legal individuals are obliged to surrender to the committee relevant papers of any kind. The chairman of the government appointed Dr Jozsef Foldvari, criminal lawyer, and Dr Tabor Zinner, historian, as joint chairmen of the committee for the review of show trials. Named as lawyer members of the committee were: Dr Sandor Barcsay, Dr Istvan Csecserits, Dr Geza Egri, Dr Andor Gal, Dr Ibolya Horvath, Dr Tibor Horvath, Dr Geza Katona, Dr Frigyes Kahler, Dr Piroska Karpati, Dr Istvan Konya, Dr Imrene Konya, Dr Katalin Kutrucz, Dr Gyula Kovats, Dr Istvanne Kozma, Dr Katalin Varadi, Dr Sandor Kubinyi, Dr Gabor Laczó, Dr Gyula Marton, Dr Zoltan Marian, Dr Istvan Mesterhazy, Dr Laszlo Mezei, Dr Peter Nehrer, Dr Janos Spitz, Dr Andras Szabo, Dr Szilard Szokol, Dr Pal Szollar, Dr Jozsef Tarr, and Dr Mihaly Toth. Dr Margit Balogh, Dr Janos Botos, Dr Miklos Habuda, Dr Lajos Izsak, Dr Gyorgy Marko, Dr Laszlo Sved, Dr Sandor Szakacs, Dr Imre Szomszed and Dr Robert Vertes were named historian members of the committee.

#### **Free Legal Aid Eliminated by Trade Unions**

25000329b Budapest *HETI VILAGGAZDASAG* in  
Hungarian 10 Jun 89 p 52

[Article: "Call For Help"]

[Text] The Justice Ministry's legal concept concerning unified legal representation has not only evoked the anger of enterprise legal counsels. It has also evoked the ire of trade unions. This is so because the proposal intends to terminate so-called legal aid services provided



by trade unions. Establishment of these organizations began in 1975-1976 based on a Council of Ministers resolution, which in turn was based on a 1974 decision of the MSZMP [Hungarian Socialist Workers' Party] CC [Central Committee]. The purpose of these organizations was to save workers time and money. Namely, legal aid is on hand, available at the workplace, and is provided free of charge to workers. In taking advantage of legal aid services, workers could count primarily on legal advice, but in certain instances governed by the Labor Law—such as in matters involving living and working conditions—legal aid services could provide representation in law suits to those using these services.

The work of these organizations, however, is increasingly resembling that of lawyers, according to the Justice Ministry. This is a development without regulatory assurances regarding the necessary educational—and other—qualifications. In simple terms: Not all associates providing legal aid have a law degree, because that is not required. SZOT [National Council of Trade Unions] does not dispute this fact. According to SZOT's 1987 data, 64 percent of the 2,860 legal aid associates were legal counsels, 5.4 percent were lawyers who have not passed the bar exam, and 5.8 percent were lawyers for hire. The rest had certain qualifications in the fields of labor affairs and social security. SZOT states, however, that these persons were involved primarily in helping to provide advice and information.

At the legal aid services only one out of seven associate performs that function as his main occupation, the rest provide these services to supplement their pension, or as side jobs, as secondary jobs, or on a contractual basis. Thus, it may occur in practice that in the morning a lawyer brings disciplinary action against a worker, and in the afternoon—wearing trade union colors—he provides advice to the worker how to appeal the action he drafted in the morning. This possibility exists, even though it is prohibited in principle. (This situation is also odd, because even though the name "legal aid service" does not so suggest, these services are actually maintained by the enterprises.) The Justice Ministry rejects these trade union charges by saying that the regulatory concept does not rule out the functioning of legal aid services, it would merely discontinue their present form. Trade unions would continue to have the opportunity to authorize members of the bar to provide legal representation to workers. The cost of such representation would be obviously higher than those of today's legal aid services, and thus it is questionable whether enterprises would underwrite the additional expense just to favor the trade unions.

## POLAND

**SD Chief in Pre-Election Talk: Stronger Party  
'Free of Dogmas'**  
26000564 Warsaw ZYCIE WARSZAWY in Polish  
24-25 May 89 p 3

[Interview with Jerzy Jozwiak, chairman, Democratic Party (SD), by Zdzislaw Zaryczyn: "I Want To Be a New Kind of Politician"; date and place not given]

[Text] [ZYCIE WARSZAWY] A month ago you were elected chairman of the Democratic Party by a majority

of votes. Are your recent unconventional actions intended to win over those who had voted against you, or is that already pursuing a broader strategy?

[Jozwiak] Were I to try to prove by making gestures alone what I had predicted I would do, I would be a bad politician. It is not by gestures or symbols or by isolated announcements that one is a winner. Winning is based on strategy and every politician must subordinate his actions to it. Nowadays the principal element of my strategy within and without the party is contact with the people, meeting their expectations and what they talk about. But it also means honestly saying the truth that certain proposals are demagogic and unrealistic.

What I have been and am doing in these last few weeks is also intended to produce certain consequences outside the Democratic Party. I have in mind chiefly though not solely the issue of the [PZPR-ZSL-SD] coalition alignment. After all our credibility means not only credibility vis a vis our coalition partners but also vis a vis the entire society, including also the political forces that were represented at the roundtable.

[ZYCIE WARSZAWY] The credibility of the Democratic Party is also the credibility of its new chairman. Yet, let us be frank, public opinion is hardly familiar with you and your views. What kind of politician do you want to be now?

[Jozwiak] One that is open to the problems of individuals and various constituencies, free of dogmas. One who perceives the prodigious possibilities of the people, and especially the intellectual potential of the Polish intelligentsia and the possibilities of private enterprise. One who creates better conditions for the rising generation so as to enable it to put its talents to use in this country instead of emigrating. One who is credible by always making it possible to compare his words with his deeds.

I realize in this connection that I am acting in new conditions. I want to be a new kind of politician, the politician of new opportunities.

[ZYCIE WARSZAWY] Will you exploit these opportunities?

[Jozwiak] I am not the only one to have them. The decisions of the roundtable afford an opportunity to all politicians, all economic activists, every one of us. This is a capital opportunity for emphasizing one's own identity, resourcefulness, and ingenuity. I shall try!

[ZYCIE WARSZAWY] Perhaps you don't have the time. Only a few days remain until the elections.

[Jozwiak] Too bad, I have to take the risk. This is a new risk, one unfamiliar in Poland. Previously politicians used to be appointed to high office and, by remaining in

that office for many years they unfortunately often failed to grow. Nevertheless, I believe that the shortness of the electoral campaign has its advantages and disadvantages.

[ZYCIE WARSZAWY] Advantages?

[Jozwiak] Yes! Because I am new, because I already took several actions which met with a positive response.

[ZYCIE WARSZAWY] And the disadvantages?

[Jozwiak] Well, the shortness of time.

[ZYCIE WARSZAWY] What Polish politician at present has enough time?

[Jozwiak] It is not surprising that those who want to point to their past contributions emphasize chiefly isolated instances on stressing, "At the time I said no."

[ZYCIE WARSZAWY] Political rivalry?

[Jozwiak] Precisely! That is why that is the only thing being emphasized. Why did not those politicians say no 10 times? Did they lack courage?

Of course, courage must lie within certain bounds delineated by a realistic assessment of national and state interests. A politician with national aspirations must be able to combine parochial and constituency interests with personal ambitions and extract from their thicket the overriding interests of the nation and the state, whose political power is controlled by, among other things, the mass media, so that a political elite with exalted moral and personal traits is created.

[ZYCIE WARSZAWY] Following the 14th Congress [of the Democratic Party] you became part of that elite. I am curious as to how the main actors on the Polish political scene received their new partner.

[Jozwiak] It is difficult for me to speak of it. Suppose we reverse the question and ask how I received my partners—all four with whom I recently talked: Wojciech Jaruzelski, Roman Malinowski, Mieczyslaw Rakowski, and Lech Walesa? Well, I received them with great respect for the actions taken by them under intricate circumstances.

[ZYCIE WARSZAWY] What was the principal topic of your talks with the leaders of the allied parties, Wojciech Jaruzelski [PZPR] and Roman Malinowski [ZSL]?

[Jozwiak] In a nutshell, affairs of nation and state—affairs of Poland, of its efficient functioning and successful development in the long and short run. Of course, we also discussed the nature of our coalition and its actions and the principles on which it should act in the new

situation. There are many other questions too. One thing was obvious during these talks: this can be no longer a coalition in which one partner is more equal than the others.

I think that in any situation and in any coalition arrangement both the issues uniting the partners and those dividing them must be honestly posed. This will certainly make our coalition stronger.

[ZYCIE WARSZAWY] It is characteristic of the present stage of the political struggle that the "big guns" are aimed against the candidates of the PZPR, on the one hand, and the Solidarity Citizens' Committee, on the other. Do you think that it is a situation in which "with two combatants locked in the struggle, the third will profit," that this will make things easier for Democratic Party candidates?

[Jozwiak] No, not at all. I am aware that at present party programs lose their meaning and the struggle is personal. And behind the persons are the symbols, both the new and the old ones, well-known symbols.

It may be that we are surprised by the growing sharpness of the electoral struggle, but still this is not genuine war! We are bound by the decisions of the roundtable, especially by the decision that the elections are not to be confrontational, although this may be variously interpreted at the "top" and among the grassroots.

[ZYCIE WARSZAWY] My impression is that the intensity of the electoral struggle has surprised the ruling coalition, which is beginning it rather poorly. In the meantime, Solidarity has been advancing rapidly and advocating points which could have been successfully advocated by the candidates of the ruling coalition.

[Jozwiak] At the 14th Congress I said that I want the Democratic Party to be a party of struggle. As a sportsman I have always been crazy about competition and I believe that one should never give up the struggle, whatever the situation. Of course, it is easier to attack and criticize and more difficult to defend. The point is that in this electoral struggle we, too, should attack the myths, outmoded stereotypes, and demagogic slogans not infrequently used by the candidates of the opposition.

[ZYCIE WARSZAWY] You raised a highly important issue that remains blurred. Namely, where can nowadays be drawn a dividing line between what is progressive and what conservative?

[Jozwiak] That is indeed difficult to do unequivocally. Sociopolitical and economic life is too complex to fix any permanent lines of demarcation.

I think that conservativeness nowadays means whatever favors retaining the traditional ossified structures, whatever mythologizes social, political, and economic phenomena by placing them in the world of pious wishes. Progressiveness, on the other hand, is whatever makes effective the functioning of the nation and the state; the color of the ideas is no longer so important; they may be red, green, blue, or white. In my opinion, distinguishing between what is progressive and what is conservative nowadays lacks an ideological nature; the decisive factor is effectiveness.

[ZYCIE WARSZAWY] The PZPR has a program of its own, accepted by the Second National Conference of Delegates. The Democratic Party has the program of the 14th Congress. The leadership of the Solidarity Citizens' Committee has formulated its program. It is interesting that they all consider their respective programs to be precisely the progressive and proreform ones. But they must differ in some ways, do they not?

[Jozwiak] Undoubtedly, these differences are not explicit to the public. The voters, or at least most of them, do not bother to study them. Besides they have little time for that. Yet it is a fact that there are many programs during the current electoral campaign, and that they differ on many issues.

Compared with those other programs, the program of the Democratic Party emphasizes certain distinct planks. We stress, for example, that the sovereignty of political power belongs to the nation alone; this thesis is the cornerstone of our ideology. We point out that the pursuit of national interests is the fundamental purpose of the state's domestic and foreign policies. We believe that our duty also is to strengthen ties with Poles abroad. We support a personnel policy based on professional competence and personal ability.

[ZYCIE WARSZAWY] Nevertheless, I fear that after the elections the dichotomy between political programs and political groupings will persist. A chance for a change in this situation, for avoiding the potential danger of confrontation, would be afforded by the rise of new political associations, groupings, and clubs—a kind of "third system" [in addition to the communists and the opposition]. What role would be played in this respect by the Democratic Party?

[Jozwiak] The Democratic Party must exploit this opportunity and be open to the issues to be advocated by the "third system" and to the formation of a new social stratum which nowadays we term "entrepreneurial individuals." That is for one thing. For another, consider Poland's intellectual elite. Much of it supports the Solidarity Citizens' Committee in the electoral struggle. Nevertheless, a substantial proportion of intellectuals adhere to our ranks or distance themselves from both sides.

Thus once more it turned out that "canalizing" the Democratic Party, which had after all been formed 50 years ago on the basis of the intellectual elite, and which has always been active among the intelligentsia—reducing it to a party of craftsmen and petty producers alone, was a grave political error. That is why nowadays we practice the broadest possible opening toward the intelligentsia, the intellectual elite. But first we must prove our credibility, because we cannot expect the intelligentsia to lean toward us en masse just by declaring that we are open to it.

[ZYCIE WARSZAWY] Will you strive to make the Democratic Party a mass party?

[Jozwiak] Of a certainty it must be a stronger party than it is at present!

[ZYCIE WARSZAWY] What do you intend? To win over 100 intellectuals for your national headquarters, or to recruit 100,000 new members?

[Jozwiak] Those 100 intellectuals always emerge from among 100,000 members.

[ZYCIE WARSZAWY] In brief, after the elections you are preparing a campaign to recruit new members, are you not?

[Jozwiak] The elections serve to popularize our program, because their results will either make our party credible or demonstrate that our strength is commensurate with our intentions and not vice versa. Of a certainty the elections will be a hard lesson by verifying all the programs and parties: they will be a severe test for individuals. Disappointment and dismay also are likely. We must do everything to reduce them to a minimum.

[ZYCIE WARSZAWY] The recent developments within the Democratic Party which resulted in electing you to its leadership appear to teach an important lesson: your party drafted interesting programs but lacked consistency. It accommodately deviated from its program and often voted contrary to its own interests and resolutions.

[Jozwiak] You are quite right. We had thought resolving some matter or winning one battle to be a victory. After a while it turned out that this was not such a big victory. Marshal Pilsudski was quite right in claiming that winning a battle and then resting on one's laurels is tantamount to a defeat. Clearly, I do not mean here to detract from the contributions of the Democratic Party, which deserves credit for advocating such innovations as the system of administrative courts, the Tribunal of State, the Constitutional Tribunal, and recently the Office of the President, and then winning the support of its coalition allies, and thus enriching our political system.

[ZYCIE WARSZAWY] In being a candidate, in taking part in this electoral struggle, which at the same time is a struggle for credibility and new opportunities, what would you promise the people who shall find your name on the national election list on June 4?

[Jozwiak] I refuse to make any promises! I can say only one thing: please judge my future actions most severely.

### **PZPR Intellectuals, Leaders Polled on Party's Future**

26000569 Warsaw *POLITYKA* in Polish  
1 Jul 89 pp 1, 6

[Tadeusz Fiszbach, advisor, Ministry of Foreign Affairs; Jan Ryszard Kurylczyk, first secretary, Slupsk Voivodship PZPR Committee; Dr. Marian Orzechowski, member, Politburo and PZPR Central Committee; Slawomir Wiatr, secretary, PZPR Central Committee's Commission for Youth, Associations, and Social Organizations; and Aleksander Kwasniewski, chairman, Socio-Political Committee, Council of Ministers, respond to poll conducted by Marek Henzler: "What Next for the Party?"; date of poll not given]

[Text] What next for the party? More than one party member nowadays is asking himself this question, and so do nonparty people on considering the results of the recent elections to the Sejm and the Senate. The next few days, especially the upcoming 13th Plenum of the PZPR Central Committee, should bring an answer. Just before this plenum, we asked several party activists to answer the following questions:

1. What do you view as an opportunity for the party to win the voters' trust in future elections?

2. Should the 11th PZPR Congress be held sooner, and why?

3. Should the party retain its name?

4. Should it continue to be a mass party, or should it be a party of qualified members?

Below we publish the answers.

*Tadeusz Fiszbach, advisor, Ministry of Foreign Affairs:*

1. In my opinion, this first question should be asked last. Regaining the trust of the society must be the party's most important task. This is a common task of the party's members and leadership. I see our only chance in drafting quickly a new party program, changing markedly the current operating model of the party, and democratizing intraparty life. This would make it possible to appoint the most valuable individuals to leading party posts (at every level). Only such changes would provide the conditions for overcoming the existing generation gap, which is of unusual peril to the party.

The importance of this problem acquires a special dimension in view of the fully democratic elections to be held in 4 years.

The complex problems of our party should also be viewed in the broader context of the major changes and reassessments taking place among the entire European left.

I feel it necessary to outline in the future party program major ideological premises that would allow for both the progressive traditions of the Polish left, which underlay the foundations of the independent Polish state, and the country's sociopolitical reality rather than abstract imaginings about that reality.

2. Yes, it should be held soon. I believe this to be increasingly urgent and desired by party members. There is too much change around to wait for the statutory period to be over. The congress is not only needed by the party and the society together but also indispensable to the party itself, in order to define its own identity.

3. By defining its identity at that congress the party will most likely also define its role in the mainstream of leftist parties and hence also its name may change.

4. If the party is to act effectively in a pluralist political system in this country, it must be concerned for both its mass influence in the society and socially credible cadres. It must have both a broad social base and a leadership that at all levels enjoys firm moral and political authority.

*Jan Ryszard Kurylczyk, first secretary, Slupsk Voivodship PZPR Committee:*

1. I see the party's chances of winning the trust of voters in the future elections as being linked to the formation of a government—because I doubt that the opposition is willing to do so, which is understandable—which would radically and effectively promote a market-driven economy within the next 2 years. If my party is incapable (whether owing to the lack of qualified members or owing to lack of imagination) of doing it, we can regain the trust of voters only in the long term.

2. The 11th Party Congress should definitely be held sooner, this being a behest of the times.

3. Should the party retain its name? Definitely not. In Slupsk, B. Bierut Street was renamed Szarych Szeregow Street, and the street lost nothing thereby.

4. The answer to this will surface of itself, right after the 11th Congress.



*Prof Dr Marian Orzechowski, member of the Politburo, secretary of the PZPR Central Committee:*

1. This opportunity can and should be afforded by many factors. Let me enumerate the most important ones:

First, facing the truth, no matter how painful, in a totally frank manner. This concerns in particular evaluating the reasons for the [party's] defeat in the recent elections and the conclusions ensuing from it. This requires discarding and rejecting the "disaster syndrome," which turns the party into a "belaguered fortress," with all the attendant consequences, which already are known from the past.

Second, working out a program consonant with the expectations, whose implementation would win votes and generally gain popular acceptance. And in particular, working out a new social policy, a program for resolving the economic problems, and generally rescuing the country from the economic crisis.

Third, the party's ideological and political identity should be redefined and consolidated in conformity with the contemporary alignment of social and political forces and the party's new role in the nascent system of parliamentary democracy and civic society—by promoting the reform orientation of the resolution of the 10th PZPR Central Committee Plenum, a resolution which unfortunately still largely remains on paper.

Fourth, an explicit and unequivocal delineation of the party's domains of activity and roles. In particular, a dividing line should be drawn between the activities of the party and the government as well as the party and the state and economic administration. As one corollary, the practice of combining posts in the party and the administration at all levels should be relinquished.

Fifth, a thorough and fundamental revamping of organizational structures and generally of the internal operations of the party, its methods and style of work, the selection of the party leadership at all level, and the liaison system and communication with the working class and the entire society, etc. This also requires breaking with the myth of the party's unity as it has been interpreted so far, a unity that is basically mechanical and ensues only from the principles of democratic centralism. Opposed to this mechanical unity should be a unity ensuing from shared goals and ways of accomplishing them as defined in the discussions and disputes ensuing from the party program rather than arbitrarily imposed by the leadership.

2. Yes! I consider this to be imperative. In the period between the Sixth Plenum of the PZPR Central Committee (late 1967) and the 10th Plenum and the recent elections, many new factors, problems, and occurrences transcending the Program and the Statute have arisen in party life, thus necessitating their revisions and updating and adapting to the needs of the present. A mood of ideological, political, and organizational uncertainty,

instability, and disorientation has arisen within the party. Its continuation is unfavorable from any and every point of view. For this very reason the 11th Congress should be held "as soon as possible," a phrase that suggests the need for prior substantive preparations, that is, for a broad nationwide discussion which would crystallize ideological-program positions and stances (platform planks) for presentation to the Congress.

3. The party's name is no longer a taboo topic, as we already stated at the 10th Central Committee Plenum. It should not be turned into a fetish, even though most of us are emotionally attached to it. It is worth noting that, e.g., even earlier, when the merger of the PPR [Polish Workers' Party] and the PPS [Polish Socialist Party] was not yet consummated, W. Gomulka had been thinking of a different name [other than the PZPR] that would also point to the new party's socialist origins and socialist traditions. One thing we must bear in mind: the discussion of the party's name (and its symbolism) cannot reduce to the proverbial "molting of the old skin." It is meaningful only if it is part of the discussion of a genuine "new quality" of the party, of its ideological-political visage, program, and statute, and of its place and role in the society and the state.

4. A mass party or a party of cadres? The discussion of this topic will remain barren so long as we do not define these concepts unequivocally. Do we mean quantitative or qualitative criteria? Are we speaking of a party espousing a particular ideology and world outlook or of a political party focusing on concrete activities within representative and self-government bodies, within all the strata and structures of the nascent civic society? And lastly, one more, perhaps the most important, reflection: to me, the question of whether it should be a mass party or a party of cadres is a realistic dilemma only for the party of the old type—a Stalinist or neo-Stalinist party, a centralized and bureaucratized party standing above the state and the society, an ideologically dogmatized party. It is not, nor will it be, a dilemma to the party as a living social force, an ideological and political one, that uses the elections as the means of striving to win, exercise, and retain political power, to the party as a community of ideas, people, and actions. To such a party the idea of a mass and typical membership of passive individuals who pay dues owing to inertia, tradition, etc., is something foreign. And then it no longer matters whether the party has a membership of a couple of million or several hundred thousand, and then also those who are passive nowadays may become highly committed and activist.

*Slawomir Wiatr, secretary and department director of the Commission for Youth, Associations, and Social Organizations:*

1. This question corresponds with the others that follow and hence I shall omit the fundamental question of what kind of party will participate in the future elections [4 years hence]—the same, similar, or completely changed. It seems to me that the defeat of the PZPR in the June elections may play a major and positive role in the changes within the party and its adaptation to the new



rules of the political game. Only such a strong shock can be a stimulus to collective thinking about the structure, operating mode, communications, and internal democracy within the party as well as about the party's identity. When we speak of the coming elections and chances of the party which we know or the party as it will evolve in the future, it seems to me that it has a chance to score a major electoral success. The prerequisites for winning social support will be:

- striking the right balance between elements of (organizational and ideological) continuation and discontinuation, that is, establishing a new identity and new operating modes;
  - demonstrating in a socially credible manner the ability to operate in conditions of parliamentary democracy;
  - ability to develop such forms of activity as are oriented toward winning the support of the electorate;
  - ability to create identifying symbols that would both integrate the party's base and attract social support;
  - creation of conditions for the rise of authentic political (national and local) leaders who could act as the proverbial electoral "locomotives." In thus tersely discussing the party's chances in the future elections we should also bear in mind that the political, economic, and social situation will now be determined not only by party and its symbols. The next elections will take place under quite different circumstances compared with last June's elections.
2. The party congress should be held sooner and practically everyone says that. But it has to be very well prepared, both substantively and organizationally. Analyses of the party's situation should be much more thorough and serve to infer recommendations for reform actions. If the congress is to play a positive function, it cannot be a mere "washing of dirty linen."
3. The party should radically change both its structures and operating mode and its characteristic symbolics. This is a question of relationship between continuity and discontinuity. The party's name is, of course, a factor in its identification, but a mere change of name in itself would hardly be enough.
4. This can be resolved neither by a resolution of a Central Committee plenum nor even by that of a party congress. As to whether it will be a mass party or a party of cadres, that will be resolved through political action, in the process of the creation of new structures and symbols of the party. Above all, however, this question should not be viewed as an either/or question. The party should have its own efficient apparatus, though not necessarily as large and in the form known to us, and it should also have its own aktiv and base. But if it is to adapt itself

to the rules of parliamentary democracy, it must have a numerous electorate, meaning that the cadres and the base must realistically function within social structures.

*Aleksander Kwasniewski, chairman, Socio-Political Committee of the Council of Ministers:*

1. We are living through a period of qualitative changes. One era is ending and another beginning. It is no accident that Monday's TRYBUNA LUDU published on the same page reports on changes in the leadership of the Hungarian and Chinese parties as well as a discussion of the need to hold the 28th CPSU Congress sooner.

Each party tries to interpret the new reality and react to it, whether better or worse, influence it, and find a road to the future. I begin with this, because I cherish the hope that a somewhat broader view of the changes and reforms in the socialist countries and within their parties may embolden us, too, to take more radical measures and carry out far-reaching changes instead of sticking to cosmetic measures as regards the party program and personnel policy.

The PZPR must change itself. The elections deprived it of the illusion that a majority of the society, especially in its first free and unrestrained response in years, would appreciate the efforts made in the last 45 years, the accomplishments in civilizational advancement of Poland, the undoubted betterment of the lot of workers and peasants, and the assurance of security and peace, or at least the will and effort to promote democratic reforms in recent years, inclusive of the lofty concept of the roundtable. But [the public's] memory of political crises still is stronger than that of the bold and perhaps even heroic reforms of 1956 when W. Gomulka had outlined and implemented (!) the Polish road to socialism, a road that acknowledged the presence of the Catholic Church, democratic institutions, etc. To the public, the party is more like a force representing autocratic power, handicapped by its Stalinist and neo-Stalinist past, and holding a monopoly on the state and its institutions, than a reformist force representing democratic and humanist socialism. However unfair this judgment may be, there is no way it cannot be ignored now that [the party is taking] the road of parliamentarism and electoral struggle.

If we also consider the inefficient economy and the need for its thorough reform as enunciated by the PZPR for years, the principal premises for changes within our party as well are unquestionable, I believe.

Trust and social support, particularly those of the rising generation, whose negligible participation in the PZPR and its allied organizations is particularly painful, can be gained by a modern party that struggles for social acceptance instead of acting as a substitute for the government, proposes to the state and the society far-reaching reforms that would not be handicapped by opportunistic compromises between various factions or orientations,

offers a program for democratic and humanist socialism, demonstrates responsibility toward international obligations, and settles accounts with the past—including the recent past—wisely (that is, instead of promoting one-sided propaganda and focusing on expediency as in the past). Such changes are no guarantee of success in future elections, but in my opinion, they do offer a chance. That in itself is a great deal.

2. Yes. Events are running a very rapid course. A changed party is needed for the continuation of the reforms. Besides, waiting may exacerbate the atrophy and frustration of the forces of the left.

3. No. Changes are needed to make credible the party's new formula and role, and also because it should be not a one-class party but a party having the orientation of the political left and struggling for social support and influence.

4. Experience will decide that. We are facing transformations of the entire political landscape. The party will have other, primarily political, functions. This will determine the nature of its apparatus and the requirements posed to its activists. These activists must be politicians and agitators instead of administrators. In the process it may become a mass party, but that alone is not a prerequisite for being influential. Influence will be verified by elections and the support gained.

#### **Changes in Attitude toward FRG Surfacing in Opposition**

23000175 Frankfurt/Main FRANKFURTER  
ALLGEMEINE in German 13 Jun 89 p 7

[Article by Edith Heller: "Via Germany to Europe"]

[Text] Since the time when Foreign Minister Genscher, on his visit to Warsaw a little over a year ago, announced Chancellor Kohl's journey to Poland, the German-Polish relationship has changed more radically than in the 15 years following the ratification of the Warsaw Treaty. Questions of prestige are losing the importance imparted to them over decades and appear to be solved at present without much ado; questions such as in which language place names which have German as well as Polish names should be designated. Fifty years after the onset of the war, questions are gaining in importance—surprisingly, for some—which are much more realistic and practical, resulting from direct contact between the two neighboring peoples, from their respective economic, political and psychological situations. They have deep roots in German-Polish history, and they point beyond German-Polish relations to the European dimension. Polish experts on Germany consider the present situation complex and difficult, particularly for Poland. Some time ago, representatives of ten clubs of Poland's Catholic intelligentsia met in Magdalenka near Warsaw in order to discuss topical questions concerning the German-Polish relationship. The papers on Germany given by experts close to the opposition "Solidarity" focused on

emigration from Poland to the FRG (as late resettlers or applicants for asylum), the German minority in Poland, and the significance today of the relationship with the FRG. In practical terms the issue was whether, and how, religious and opposition circles could participate in the planned German-Polish youth exchange. Kazimierz Wojcicki, secretary of Lech Walesa's citizens' committee and head of the German section of the Warsaw Catholic Intelligentsia Club, blames the Polish Foreign Ministry, at least during the initial stage, for the almost year-long stagnation in preparing for Chancellor Kohl's visit. Much time had been lost by linking youth and cultural exchange to the question of loans. But the fact that the government under Premier Rakowski did not receive loans in autumn of last year contributed decisively to the far-reaching political decisions which eventually led to the roundtable negotiations. The German side had waited for the results of these roundtable discussions. Because of the late resettlers and applicants for asylum coming from Poland to the FRG, Polish affairs are now at the center of the FRG's internal political situation.

Wojcicki called cooperation of the Polish opposition and the church in the planned German-Polish youth exchange a priority task. At present, neither of them are capable of forming a counterweight to state organizations when it comes to overnight facilities, meeting halls, travel agencies, and so on. Wojcicki raised the question whether Polish society recognizes the importance of youth exchange for creating a new climate, and whether sufficient efforts are being made in this direction. He announced the founding of a Polish-German travel agency.

However, Wojcicki also pointed to the effects of the difference in the levels of economic activity between the two countries on youth exchange. If the first trip abroad for a Polish youth leads straight to the richest country, it entails the danger of consumption shock and other psychological difficulties. Vice versa, the German youngsters would have difficulty dealing with Polish reality once they learned the high black market value of their Deutsch marks.

According to Wojcicki, it is also important to get to know Germany as it is today. As an example for difficulties of [mutual] understanding, he stated that Poles have a tendency to start every discussion with historical examples and analogies while Germans—for reasons of history—have largely repressed their national feelings and tend to think more in economic and sociological categories. Also, the elite in both countries fulfill different roles. If 15 professors in Poland sign an appeal, it causes a nationwide echo. The FRG, on the other hand, has a different intellectual-cultural structure, and it is not surprising that even significant works such as the 1981 essay concerning German questions by the opposition historian Lipski, "Two Fatherlands—A Dual Patriotism," do not find a corresponding echo in the FRG.

In the opinion of Janusz Reiter, the problem of the German minority in Poland is not appropriately presented in FRG journalism. This ethnic group is mentioned in the same breath with German minorities in the Soviet Union or Romania. But unlike those, the German minority in Poland cannot be simply established numerically. This journalist of the weekly paper PRZEGŁAD KATOLICKI and co-founder of the influential political opposition club "Dziekania" explained the complicated situation, particularly that of the Silesians for whom it was normal and without any conflict not to identify themselves unequivocally as to their nationality. While right after the war a declaration of being Polish was often the only chance to remain in the homeland, with time the attractiveness of the German—and simultaneously West European—option grew. The Polish People's Republic could not offer people an attractive model of living; at the same time, the new ruling powers committed grave mistakes in the integration of Silesians officially registered as Poles. They treated them with distrust, impeded their advancement in society and career, and "Germanized" those concerned. The German traces in their past, once bashfully concealed, today are openly considered a chance for survival.

Reiter's statements on how late resettlers are viewed in the FRG were followed with particular interest. Numerous West German politicians assured Polish journalists in private talks that they considered the discussion about resettlers and applicants for asylum a temporary "tempest in the teapot." Since the immigrants are young, well-trained, adaptable people, in the long term they would improve the demographic structure in the FRG. According to Reiter, less strategically-minded politicians endeavor to solve this issue jointly with Poland by trying to secure more rights of cultural development for Germans in Poland. This must and will be done.

Reiter ended with the appeal to dedramatize the German-Polish question and to consider it in a more general European context. For economic reasons, in the future it will be even more difficult for the people of Eastern Europe to overcome the Iron Curtain than it was before, for political reasons. The German-Polish difficulties are symptomatic for the relationship between West and East Europe and point to the bitterness that will be in store for Europe.

Wojciech Lamentowicz, jurist and political scientist at the University of Warsaw and also an adviser to Lech Walesa, emphasized in his paper on reunification the great importance of Germany for Poland. No other Western country has as much interest in Poland as the FRG; this is true for culture as well as politics.

But the meeting in Magdalenka also showed how marked is Polish interest in German affairs. The participants from all over Poland discussed with expertise, involvement and the will for understanding the other side the

complex historical, psychological, political and economic aspects of German-Polish coexistence. Unanimously criticized were the new FRG visa requirements. The question by Kazimierz Wojcicki, whether people understood that Poland's road to Europe leads through Germany, is also directed at the Germans.

#### USSR-FRG Cooperation: Past Experiences Show Need for Caution

26000570 Warsaw *POLITYKA* in Polish  
No 26, 1 Jul 89 pp 1, 12

[Article by Adam Krzeminski in response to Soviet leader Mikhail Gorbachev's visit to the Federal Republic of Germany, 12-15 June 1989: "The 1,000-Year-Old Bridge: Germans and Russians"]

[Excerpts] In Bonn Mikhail Gorbachev was enthusiastically welcomed by crowds of Germans. In Warsaw the President of France pointed to the traditional friendship between his country and Poland. Is it that after 50 years the old constellations are reappearing? Not at all. Nowadays the issue is not war but a lasting peace. We all realign ourselves in this "European home," now no longer in mutual opposition but in mutual concord. But history has its weight: centuries-long ties and ancient animosities are as important as current economic potentials and strategic interests. On the occasion of Gorbachev's visit to the Federal Republic of Germany let us consider what has for centuries been uniting and dividing Germans and Russians in Europe. [passage omitted]

#### The Idea of Rapallo

The defeat of the German revolution upset the calculations of the Bolsheviks. Now they, and they alone, represented the world revolution. Now it was not they who were to subordinate themselves to the International but vice versa. And indeed the Comintern became merely a tool subordinated to the strategy of the Russian Bolsheviks and the emergence from isolation—a long-time main current of Russian policy—again led through Germany, via open and secret diplomacy.

Rapallo is a symbol of this policy. In that Italian spa, Germans and Russians, meeting on the margin of the great European conference held by the victors of the World War, signed a treaty that astonished the whole world. What the German revolution had failed to accomplish, namely, a rapprochement between Bolshevik Russia and Germany, was accomplished by the Treaty of Versailles and the humiliating disregard of Russia by the Western powers. The idea of rapprochement between revolutionary Russia and counterrevolutionary Germany was conceived as far back as in 1919, when Karol Radek, a Bolshevik emissary, chatted in his Berlin prison cell with the emissaries of General Ludendorff. The idea of Rapallo first surfaced in that "political salon" in the Moabit Prison. But it was not yet bound to be victorious.

At that time, two orientations clashed in Germany: Eastern and Western. The Western orientation was represented by Walter Rathenau and Chancellor Wirth. It supported including Germany in the provision of economic assistance by the West to Russia, an assistance that would disarm the Bolshevik time bomb and at the same time include Germany in joint actions with the West. The success of that policy hinged on Germany's fulfillment of its [Versailles] treaty obligations. The Eastern orientation was based not on the community of interests of the capitalist countries vis a vis the Bolsheviks but on the national conflict of interest between the victorious and the vanquished nations. Its spokesmen included, paradoxically, the reactionary Wilhelmian establishment, officers of the Reichswehr, higher officials, and Prussian conservatives. They did not love the Bolsheviks, just as Lenin did not love Prussian junkers, but they shared the same interests in opposition to the Versailles order.

As early as in 1920 and 1921 Moscow and Berlin had concluded several minor agreements and secretly established military cooperation. The spirit of Tauroggen, when in 1812 the Prussians had betrayed Napoleon, and the spirit of Bismarck must have rejoiced over this strange but effective rapprochement. The Treaty of Rapallo contained no secret military clauses and no secret protocols, but it is a fact that the intensive cooperation between the Reichswehr and the Red Army was the most portentous accomplishment of the "Rapallo policy." Once again we witness a Russian-German paradox: the German army, which had in September 1939 ridden roughshod over Poland and paraded in Brest jointly with the Red Army, and had subsequently in 1941 almost crushed Russia, had been in the 1920's trained and expanded on proving grounds near Voronezh and Kazan'. It was there that German and Russian officers had jointly tested new types of tanks and aircrafts, and it was there that factories and airports had been built. There survive the notes of the generals Koestring and Speidel about these exercises, along with the statements of President Hindenburg, who ordered the German military attache in Moscow, "Maintain good relations with the Red Army. I would like to bash the Poles, but it is not yet time for that."

#### About-Facing

The Europe of those years was only seemingly stable. The treaties of Locarno and Rapallo revealed one weak point of the European alignment of forces: Poland—and her short-term nonaggression pacts with her neighbors were insufficient.

But first, after Hitler came to power, the Rapallo policy was put in cold storage. Marshal Tukhachevsky in October 1933 told a German diplomat, "Don't forget that your policy may be dividing us, but not our feelings—the

feelings of friendship between the Red Army and the Reichswehr. And always bear in mind that we and you, Germany and the Soviet Union, can dictate peace to the world if we work together."

Fortunately, that proved impossible with Hitler in power. Years earlier he had already stated in "Mein Kampf," "We national socialists reject the entire prewar orientation of our foreign policy. We revert to what had been disrupted 600 years ago. We stop the traditional southward and westward expansion of the Germanic tribes and direct our gaze toward the lands extending in the East. We finally put an end to the prewar colonial and commercial policy and commence pursuing the territorial policy of the future. And when we now speak in Europe about new lands and territories, we think chiefly of Russia." Stalin himself perceived this peril, "We lag 50 to 100 years behind. We must overcome this gap within 10 years. Either we do that or we get squashed." He said that at the party congress in 1934 and promoted industrialization and armaments by cruel methods. At the same time he tried not to irritate Germany. Hilgart, an advisor at the German embassy, reported from Moscow that the Soviet press was very restrained in its treatment of the smashing of the German communist party by Hitler in 1933, and Litvinov even declared, "It is no concern of ours if you are shooting your communists."

The 6 years between Hitler's coming to power and the outbreak of World War II were years of feverish attempts at all sorts of alignments in Europe, shifting alliances, provocations, worthless treaties, and immoral about-faces. It was a game in which hardly any player kept his hands clean. Sebastian Haffner, the renowned German essayist, wrote in his book, "The Devil's Pact" (Hamburg, 1968), that it was a period of a duel between Stalin and Hitler. And indeed those years were characterized by Stalin's placatory attitude toward Hitler, the liquidation in 1937 of the officer corps reared in the spirit of Rapallo, the shifting tactics imposed on Western communists, and the conclusion of a pact with Hitler which delineated the zones of influence in Europe. That duel also included cooperation between the NKVD and the Gestapo in 1940 with the object of destroying the Polish resistance movement, the deportation of German communists to Nazi Germany, the visit by Molotov to Berlin in November 1940, and the food train traveling from Russia to Germany on the night of 22 June 1941, several hours before Hitler's attack against the Soviet Union. A continuation of this duel was the war, in which Hitler wanted to conquer his colonies, turn Slavs into helots, slaughter the Jews, and maintain in walled camps punitive expeditionary detachments of the new master race that would be trained to rule through a permanent war against some eternally mutinous tribes east of the Urals. The bloody game of cowboys and Indians was to serve as a means of training supermen. Hitler made no provision for any "inter-Europe," any little buffer states, and his gauleiters disdainfully shoved away the bread and salt



with which the Ukrainians had welcomed them. Nevertheless, thousands of Russians were ready to bet on the German card—that too is part of German-Russian history—witness Vlasov's units, some of which in 1945 had stubbornly contested the advances of the Red Army on Fahrbellin Square in Berlin, while others switched to the Czech side at the last hour, during the Prague Uprising.

The Germans sometimes compare their advance into Russia during the war with Russia's advance into Germany in 1945, with the attendant rapine, summary executions, and the devastation of cities and villages. But there is no comparison with the planned extermination policy of SS units, nor with the fate of Russian POWs condemned to starvation and mass annihilation. Nor had it ever been Stalin's objective to do away with German statehood. His postwar German policy was very ambiguous and manysided. He was the first, before the Western powers in their sectors, to permit the formation of political parties: Communists, Social Democrats, Christian Democrats, and others, and he also was the first to permit the establishment of German administration.

#### With an Iron Hand

Nowadays the Germans are disputing as to whether they had had a chance to prevent the country's division into two states. Sure, the tensions between the Allies contributed to the rise and strengthening of two German states, but it is a fact that the eternal German conflict between the Eastern and the Western options facilitated the separation apart of the two parts of Germany. Just as until 1945 the fate of Europe had been a resultant of the great duel between Hitler and Stalin, so after the war the fate of Germany was a result of not only Allied policy but also a duel between Ulbricht and Adenauer.

These two, probably the most eminent figures of the postwar period in Germany, were even to some extent alike in appearance, sporting the same tightly pursed mouth and foxy stare. Adenauer wanted to shift Germany's point of gravity from the Spree to the Rhine and link the country to the West in order to, eventually, regain what it had lost in the east. Ulbricht, on his part, wanted to finally accomplish, with the help of the Russians, that revolution which had failed in 1918, at least in one part of Germany. Clearly, Adenauer was in a better situation; "his" Germany was not only larger and richer but in addition "his" Germans were more desirous to become "Americans" or "Englishmen" than Ulbricht's Germans "Russians." Moreover, in Germany Adenauer's enmity toward Russia as well as his anticommunism made it easier for Germans to accept themselves and their past than in Ulbricht's Germany where quite a few people viewed antifascist agitation by the German communists on the Eastern Front as treason and sell-out to the Russians who were raping women, snatching wristwatches, and teetering about on bicycles. Still, with an iron hand, eliminating the opposition in his own ranks, Ulbricht achieved his revolution and, step by

step, won recognition for himself and his state; he survived both Stalin's 1952 note to the Western countries which could have opened the road to the unification and neutralization of Germany, and he also survived the unrest of 17 June 1953 and the Fronde against himself, until he finally was able to catch his breath when the Russians permitted the building of the Berlin Wall in 1961 and the Western powers made only formal protests. Besides this had hardly upset Adenauer, who already had his "own" Germany anchored to the West, growing in strength and sufficiently distant from the East.

But that is not the end of history. By now more than a quarter-century has passed since those times. Unprecedented mechanisms and structures have arisen in Europe—two blocs directed by two superpowers and lying in mutual contact in Germany and in the Pacific. And now after years of tensions and confrontations the Europeans are looking for forms of coexistence such that no one would menace the other. Something is moving in Europe. The enthusiastic reception of Gorbachev in the Federal Republic is definitely putting an end to the postwar period. These crowds are comparable with the crowds of Germans welcoming De Gaulle, Kennedy, and the English Queen. This enthusiasm has also its context; it explicitly differs from the chilly welcome recently accorded to President Bush in Bonn. The West Germans are beginning to find their sentimental roots in the East, while the Germans in the GDR are beginning to explore broader contacts with the West. The Europe of the "common home" is a tempting idea and, in view of the new civilizational challenges, it is a realistic one inasmuch as military rivalries and colonial ambitions are anachronisms nowadays. They have been replaced by economic ties and the ability to find a common language. The time is coming when historic ties and psychological bonds will revive.

Recent history and politics are nowadays the polar opposites of what they had been 100 or 60 years ago. Sure, certain sets of attitudes, reactions and unconscious calculations may have historic roots. Nevertheless, it is only accidental that precisely these days, when Gorbachev received a triumphal welcome on the Rhine, when the Germans and Russians signed a dozen agreements on economic, scientific, technological, and cultural cooperation, on youth exchange and ecological cooperation, that the President of France gave a beautiful speech about Europe in Warsaw. And it certainly also is accidental that precisely these days a rumor has surfaced in Bonn that Chancellor Kohl has again postponed his visit to Poland, thus skipping the symbolic date of 1 September [Germany's invasion of Poland in 1939] and, along with it, a possible gesture promoting Polish-German rapprochement. But that may be only a rumor.

It may be that some people in the Federal Republic think that there is no hurry since Poles, as a SPIEGEL poll reveals, are "below par" among the nations liked and disliked by Germans, while Russians enjoy a rapidly rising prestige.



But these accidents also are part of the psychological history of the ties between Germans and Russians, which is a lasting element of our millennial triangle [relations among Germans, Poles, and Russians].

One thing though should be borne in mind: we should not yield to historic resentments. Nowadays Poland must explore the European road together with its neighbors—and our neighbors should not leapfrog us.

#### **Attempt to Demythologize RSW Publishers Notes Political Role**

26000555 Warsaw *GAZETA BANKOWA* in Polish  
No 15, 10-16 Apr 89 pp 1, 9

[Article by Dariusz Fikus: "A Regular Enterprise?"]

[Text] In an interview with POLITYKA reporters (No 10), Wiesław Rydygier, chairman of the Prasa-Książka-Ruch RSW [Workers' Publishing Cooperative] defended the purpose of his enterprise, its model, and its operating mode. Was his defense successful?

The first accusation made by the reporters was that the RSW is not a business that grew naturally owing to market forces but a product of political decisions of the Stalin era. W. Rydygier rejected it with one sentence, "I do not share this view." Perhaps then history should be consulted to ascertain the truth.

The "Prasa" RSW was established by the Resolution of 25 April 1947 of the PPR [Polish Workers' Party] Secretariat with the object of concentrating previously scattered party publications and printing plants in a single publishing institution. The cooperative had 49 members: old party comrades, activists, and printers. In addition to individuals, cooperative members holding from one to several shares each, the only member acting as a legal entity was the PPR. The first balance sheet of the RSW specified 150 shareholders owning a total of 100,244 shares, with the PPR owning 100,000 shares. The resolution establishing the RSW stated, "The PPR Central Committee appoints or confirms appointments of persons to executive posts in the editorial boards, while the governing board of the cooperative decides on the size of publications and, jointly with the Propaganda and Press Department under the PPR Central Committee, determines their basic journalistic orientation."

The establishment of a publishing cooperative closely subordinated to the PPR Central Committee was combined with a drive to halt the previously elemental growth of the press and eliminate [independent] small provincial press as well as to militantly combat the PSL [Polish Peasant Party] press and curtail the PPS [Polish Socialist Party] press. In October 1947 appeared a special resolution of the PPR Central Committee Secretariat criticizing the Czytelnik Publishing Cooperative—the then most popular publishing house.

#### **Gobbling Up Czytelnik**

Thus the RSW was undoubtedly established with a view toward the future as a publishing house of the "new type," of Stalinist provenance. This concerned placing the entire Polish press under strict party control. The financial independence of the publishing houses subordinated to the RSW was terminated and a system of dual subordination of provincial press (to the Propaganda and Press Department under the Central Committee and to the voivodship party committees) was instituted. The assault against the Czytelnik Publishing House was launched in stages. Let us offer the reminder that Czytelnik had been founded in 1944 on the initiative of E. Osobka-Morawski and B. Bierut, with the object of attracting mistrustful milieux of the intelligentsia. It was emphasized that the Czytelnik cooperative and its press publications do not represent any political party (1945) and that the purpose of the press is to serve the idea of democracy, that it is a "nonparty" press. These were popular buzzwords during the Reconstruction Period. But as soon as in 1948 J. Borejsza was recalled from the post of chairman of Czytelnik and in November the Press Commission of the PPR Central Committee adopted guidelines specifying that the Czytelnik press is "an auxiliary weapon of the party and its purpose is to transmit the party line to the society." That press itself was attacked for its pseudoneutralism, lack of a program, and pseudo-objectivity. Its new purpose was to liberate the society from the influence of the "clerical reaction," to combat the "myth of the superiority of the capitalist West," to popularize shockworkers, etc. The final stage in liquidating Czytelnik's press publications was the takeover (in 1951, the peak period of Stalinism) of the Czytelnik Press Institute.

As a result of this move, the annual circulation of RSW press increased by 74 percent and the number of its titles grew to 90 from 40. Prior to the absorption of Czytelnik the share of the RSW in the overall circulation of Polish press had been about 53 percent; after the absorption it climbed to 80 percent and stayed at that level for the next 20 years (83 percent in 1972). It can be said that the death of Czytelnik culminated the process of monopolization of the press.

This brief and incomplete history of RSW Press in itself already provides a more complete answer to the question of POLITYKA's reporters as to whether this business concern has grown naturally owing to market forces or was a product of political decisions.

#### **RSW Press Must Make Money for the Party**

In the Gierek era another stage of rapid growth of the RSW occurred owing to the absorption of the Książka i Wiedza [Book and Knowledge] Publishers and Ruch [press distribution]. The Youth Publishing Agency and the National Publishing Agency were formed. Next, the RSW absorbed Ars Polona (1977) as well as other book publishers. It became a veritable publishing colossus and

consolidated its monopoly over press distribution, while at the same time being a source of financing for the party. That is, it had to make money.

In 1981 RSW Press published 253 press titles, of which 46 dailies and 207 periodicals. Their combined circulation accounted for 85 percent of the overall circulation of the entire press published in Poland. In addition, RSW Press published 808 book, album, and brochure titles. Every third book dealing with sociopolitical literature was published by the RSW. Furthermore, the RSW provided services to foreign journalists and engaged in information and propaganda activities abroad. It taught foreign languages. It operated 18 printing plants of its own which printed 450 press titles with a combined circulation of 2,200,000. Through its own network, then amounting to 34,000 news kiosks, stores, and clubhouses, it distributed 1,300 domestic press titles and about 16,000 foreign ones. It employed more than 90,000 persons representing 60 occupations, of whom 4,300 journalists. I believe that 1981 was the year of its peak growth.

The years of the crisis brought along a decrease in both circulation and number of titles, although in this field we also observe considerable movement, the rise of new publications, and greater pluralization as expressed in the growth of press outside the RSW, such as Catholic, specialized, and military press. The dramatic shortage of

newsprint, the restrictions on circulation, and the fatal state of printing facilities all affect the promptness of publication of periodicals and the diminishing importance of many titles.

In 1988 of the 122 printing plants operating in this country 17 plants or 13.9 percent belonged to the RSW, but these 17 plants accounted for as much as 21.5 percent of all sales and 15.8 percent of all employment in the printing industry, because it owned the largest printing plants. Still, these data are somewhat misleading. We are chiefly interested in answering the question of what is the position of RSW Press as a monopolist on the press market rather than on the printing market. Chairman Rydygier answered it with a metaphor, "Ants are fed by sliming down the elephant." Can it be expected that a curtailment in the allocation of newsprint to the RSW will promote the growth of publishing houses and press publications outside the RSW? What is more, Chairman Rydygier is in favor of this development. He claims that since 1980 the share of the RSW in the average circulation of the domestic press declined to 48.1 from 62.1 percent in 1987. The dominant position of RSW Press is illustrated by the table below. I believe that the figures on color impressions provide a more authoritative answer to the question of the RSW's position, for they also allow for the size of discrete press titles. Well, given such a market domination, is the existence of ants really possible?

Output of Principal Products of the Printing Industry in 1987

Subject		Unit of Measurement	Number of Press Titles	Of Which		Book-Length Publications	Of Which		Printing Jobs
				Newspapers	Periodicals		Books	Exclusive of Industrial Printing Jobs	Industrial Printing Jobs
Total output, of which:	a	millions of color impressions <sup>c</sup>	13,178	7,039	6,139	4,657	4,551	2,425	2,133
RSW Prasa-Ksiazka-Ruch	a	millions of color impressions <sup>c</sup>	8,695	4,223	4,472	464	430	155	26
	b		66.0	60.0	72.8	10.0	9.4	6.4	1.2
Other publishing houses	a	millions of color impressions <sup>c</sup>	4,483	2,816	1,667	4,193	4,121	2,270	2,107
	b		34.0	40.0	27.2	90.0	90.6	93.6	98.8

a—In absolute figures; b—Share in total output; c—Millions of color impressions (printing impression in single color, format B1).

### Can the Ant Compete With the Elephant?

An enterprise is a market monopolist when it accounts for at least 30 percent of the overall output of a given product (see GAZETA BANKOWA, No 10). In its production of dailies the RSW is a nearly 100 percent monopolist (92 percent). The only dailies published

outside the RSW are KURIER POLSKI, DZIENNIK LUDOWY, SLOWO POWSZECHNE, and RZECZ-POSPOLITA. It dominates the production of periodicals and it almost entirely controls press distribution. We have already mentioned its domination of the printing industry. In such a situation, can the ant compete with the elephant?

Chairman Rydygier is optimistic, although at the same time he maintains that this should not occur at his, that is, at the RSW's, expense. "How then?" asked the POLITYKA reporters. The Chairman answered that he is not an encyclopedist. He simply avoided answering.

Lastly, there is the question of the status of the RSW as a cooperative. The POLITYKA reporters were puzzled by that status, saying, "This is a strange cooperative, in which the chief shareholder is the PZPR." The Chairman answered, "This may puzzle you, but this status is based on the Decree of 29 October 1920 on Cooperatives." And in this respect the history of the RSW Press is an interesting case.

The RSW at present is indeed a cooperative of legal entities, with the principal shareholder being the PZPR and the others being the Women's League, the Union of Socialist Polish Youth, the Union of Rural Youth, the Association of Polish University Students, and the Polish Scouts Union. In practice, however, the RSW is not subject to the law on cooperatives, because since 1954 it has had the powers of a central office, thus exempting it from its anyway fictitious subordination to the Central Board of Cooperatives. In 1958 individual members of this cooperative were eliminated under new provisions that permit only membership by legal entities. Under the new statute, the shareholders other than the PZPR were the CRZZ (Central Council of Trade Unions) and the ZMS (Union of Socialist Youth). In 1962 there were more changes: additional shareholders, other than the PZPR, the CRZZ, and the ZMS, can be "other mass social organizations." Since 1972 the Central Committee became the main shareholder instead of the party as a whole. The position of the other members can hardly be called otherwise than a figurehead one. Besides, the PZPR Central Committee continues to figure as the sole member in the court registry.

In addition to its statutory activities such as publishing newspapers, periodicals, and books, providing services to foreign reporters, sales, and printing jobs, the RSW is to make money—to provide hard currencies and zlotys. "The PZPR and other shareholders," Chairman Rydygier said, "participate in the RSW's profits. In 1985 the shareholders received 35 percent of the net profits." The remainder was absorbed by investments and current needs.

#### Tabula Rasa

Unfortunately, information about the RSW's operations is incredibly scarce. Is the RSW exempt from income and turnover taxes? To what extent is it granted various other exemptions? Is its budget used to subsidize the activities of various rural clubs? What is the financial performance of its various members, publishing houses, printing plants? "Rocznik Statystyczny" [Statistical Yearbook] does not answer these questions. Yet, if we are to discuss the assumptions for the reform of this institution, we have to have appropriate information on

hand, because—and here we concur with Chairman Rydygier—only cost-effective accounting, only information about the business operations of this colossus and its discrete members, can deprive the discussion of demagoguery and turn it into a conversation dictated by concern for the development of the mass media in Poland. In 1981 it was fashionable to say that the RSW is a state within the state, that it is practically exempt from the state's jurisdiction over enterprises and from control by the central office of cooperatives, and that it is not accountable to its employees, who are after all, not shareholding members of a cooperative but hired personnel.

Chairman Rydygier supported the idea of isolating certain publications from the RSW and granting them autonomy. In the past several ideas of this kind had surfaced. Granting autonomy to the Interpress Press Agency and nationalizing Ruch [press distribution outfit] had been discussed. It may be worthwhile to discuss these questions calmly and objectively. The RSW is implementing "the ideological aims and political tasks of the PZPR," but at the same time it services the entire press market. This has its pluses and minuses. It neutralizes parochialism but makes for a cumbersome structure. It would be worthwhile to consider ways in which to decentralize this institution and make its local branches more autonomous and responsible.

The interview with Chairman Rydygier in POLITYKA is a small step forward in demystifying the enigma of the RSW and commencing public discussion of monopolization in such an important domain of life. GAZETA BANKOWA is rather an ant and it would like to please the elephant by tickling it.

#### Underground Publishers Exhibit at Warsaw Book Fair

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[Article by Stefan Dietrich: "Forbidden Books"]

[Text] Not only books, but also book fairs have their fate. Only 10 years ago, the annual Warsaw International Book Fair was still proudly proclaimed the second-largest of the world. Even then one could have doubted whether that was still quite true. Meanwhile it has been decided that the Moscow as well as the Leipzig book fair have overtaken Warsaw. This year, however, the quantitative loss has been made up for in a manner which puts at least the socialist competitors in a bad light.

For the first time, in addition to the products of official Polish publishing companies, "forbidden" books were also presented in the Warsaw Palace of Culture. Upon invitation by the Association of Polish Publishers, 12 Polish underground publishing houses had set up a joint stall where visitors could get an overview of what had been published in Poland since 1977 by circumvention

of censorship. In another corner of the labyrinthian building, which once carried Stalin's name, a joint stall of 13 Polish emigre publishing companies attracted attention.

According to old custom, representatives of the state censorship office toured the exhibition halls before the opening of the fair. They examined the sexological trade literature of Western publishing companies for suspicion of pornography and looked for politically offensive material in technical and travel books about Poland. They carefully avoided the two stalls presenting "forbidden books" exclusively. The emigres as well as the representatives of the so-called second circulation—that is what Samizdat literature is called in Polish—would not have tolerated the censor's visit. To none of the Western publishers, who for years have been coming to Warsaw only out of an old sense of loyalty—no business transactions worth mentioning have been concluded for a long time—, had such an obvious idea occurred.

While the party newspaper TRYBUNA LUDU had asked in a mocking tone whether the "forbidden fruits of reading" constituted an enrichment of the fair, Premier Rakowski saw them as "a sign which causes optimism." Polish culture is a whole, regardless of the domicile and background of some of its authors, Rakowski noted at the opening of the 34th International Book Fair in Warsaw. For his government the free flow of thoughts is not only a slogan, but practical policy.

Strangely enough, no newspaper could be found willing to print Rakowski's speech. Normally the chief of government can firmly count on the fact that his speeches are made known verbatim to all of Poland the next day. This [speech], however, contained some formulations running somewhat ahead of reality—such as the assurance that books are treated as the private property of every citizen, and that every book destined for private use can be freely exported and imported. Rakowski said a mouthful when he stated that furthermore, censorship activity, which "incidentally works on the basis of clear principles recognized by all societal forces and is subject to the control of the courts," is constantly being more restricted.

It is true that in university towns the hawkers of forbidden books no longer sneak with plastic bags from house to house at night, but set up their book tables in broad daylight in front of churches and university buildings and carry on their business unmolested. But there is no legal guarantee that they can still do that, unpunished, tomorrow. Rather, the law provides for summary trials of itinerant peddlers which can result in fines and even confiscation of the car in which the contraband had been transported. It is also true that, now and then, the products of anticommunist emigrant publishers have found their way to a reader via normal mail delivery. But few have the courage to complain when a shipment gets

hung up somewhere. After all, everyone knows that under existing law even possession of a book by the Paris "Instytut Literacki" or the London "Puls" publishing house is punishable.

Even the Premier cannot claim unchallenged that Polish censorship works "on the basis of clear principles recognized by all societal forces." What is clear is only that on its basis, every critical word and every politically offensive concept can be removed from a manuscript. In February, even the state-employed book dealers distanced themselves from this principle. Their association's general meeting demanded the abolition of precensorship, pure and simple.

At the "roundtable" where, among other things, the readmission of "Solidarity" was negotiated, the representatives of the cultural bureaucracy and the counter-culture did not come to an agreement. One side demanded the surfacing of underground publishing houses and their submission to existing censorship and tax laws. The other demanded abolition of censorship and decriminalization of publishing activity. The result is a curious state of suspension: The state closes both eyes when its organs encounter uncensored publications; the book producers have emerged from anonymity and keep only their printing shops under conspiratorial wraps.

Under these circumstances, it is no longer quite so surprising that on the occasion of the book fair in Warsaw a meeting took place which demonstrated the unity of Polish culture in an unusual manner. In the Mickiewicz hall of the Palace of Culture, the official book dealers and publishers sat down at a table (with rounded corners) with representatives of the external and internal exile. Andrzej Kurz, chairman of the Polish association of publishers, did not hold back with appreciative words for [his] colleagues disadvantaged by the law and even permitted himself "to envy a little bit" the buccaneers of literature "for their independence, for we would all like to be independent." Then he divulged that this meeting was under the special aegis of Central Committee Cultural Commission chairman Marian Stepien and Minister of Culture Aleksander Krawczuk.

Kurz supported the demand for abolishing precensorship and the narrow-minded customs regulations which impede the exchange of books across borders. The manager of the "Ars Polona" publishing company, who until now had the monopoly on importing and exporting books and authors' rights, also found decorous words: "It is not our task as publishers to settle ideological disputes, but to make them possible." The official trade representatives, who in the last decades published thousands of tons of unmarketable stock and had not even been capable of satisfying the demand for Polish classics—not to mention foreign ones—, suddenly discovered that they all had something in common: One must work together in the interest of the reader.

It took some clarification in order to escape these attempts at embraces. After all, some of those present in the hall had been in prison several times for disseminating sought-after books, while the others signed with impunity printing orders for publishing flops. "We were always normal," said Jan Bielecki of the "CDN" publishing house (meaning "To be Continued"); "not normal were and are the official publishing companies." Then Bielecki gave his opinion on the state of suspension in which underground publishing companies are tolerated at present. "The fight against us was illegal; cessation of this fight is just as illegal" (that is to say, not legally secured). What is important now is to set up a law under which independent literature can exist.

Grzegorz Boguta, head of the oldest and most renowned Polish Samizdat publishing company "Nowa," cited an example proving that the official publishing business also moves outside of legality. The weekly paper ZYCIE LITERACKIE is printing one of Solzhenitsyn's novels in the translation of the Paris "Instytut Literacki" in order to increase its circulation. All demands for remittance of the translation honorarium are haughtily ignored. Boguta also informed the disconcerted public that the barbarism of book burnings continues in Poland to this day. For example, recently 700 copies of Karl R. Popper's "The Open Society and Its Enemies" from the "Nowa" publishing company had been confiscated by the militia and destroyed, "quite legally, of course," Boguta added sarcastically.

The 12 underground publishing companies, which this year for the first time gained entry into the sacrosanct halls of the former Stalin Palace, are only the elite of a much larger number of less sophisticated independent literary enterprises in Poland. Although they appear like little Davids next to the large state Goliaths, professionally they are sometimes superior to them. The illegible copies, which were produced in miniscule editions on spirit stencils, are a part of the past. Today, Polish Samizdat literature is produced with computer typesetting and offset printing, is properly bound, and supplied with appropriate illustrations.

The "Nowa" publishing company, in its 12 years of existence, has published over 400 titles and calculates on the basis of editions with three to five thousand copies. The situation is similar for exile publishing companies which make such a good living off the readership of millions of Poles abroad that they can help finance Samizdat publishing. Warsaw has realized that these exponents of culture cannot be beaten, either commercially or by administrative means.

#### **Changes in Electoral Law for Upcoming Sejm Term Published**

26000561a Warsaw TRYBUNA LUDU in Polish  
14 Jun 89 p 3

["Text" of decree dated 12 June 1989 (published in DZIENNIK USTAW No 36, 13 June 1989) on changes to the Electoral Regulations Law of the Sejm (Parliament) of the Polish People's Republic for the 10th term for the years 1989-93]

[Text]

#### **Decree of 12 June 1989 on Altering the Laws Governing Elections to the Sejm of the Polish People's Republic, 10th Term, for the Years 1989-93**

In view of Article 21, Paragraph 1, of the Constitution of the Polish People's Republic and the need to maintain the alignment of political forces in the Sejm of the Polish People's Republic as accepted in the roundtable agreements, and also in view of the position taken at the session of the Coordinating Commission on 8 June 1989, the following provisions are hereby decreed:

**Article 1.** The following revisions are introduced in the Decree of 7 April 1989, on the Laws Governing Elections to the Sejm of the Polish People's Republic, 10th Term, 1989-93 (DZ. U., No 19, Item 102):

1. In Article 81 the following Paragraphs 3 through 6 are added:

"3. If the candidates elected from the National Electoral List are fewer than the number of deputies to be elected from that list, repeat elections are conducted for the still unfilled seats, with the proviso that these elections are conducted in the electoral districts.

"4. The Council of State identifies the electoral districts in which repeat elections for the seats not yet filled from the National Electoral List are conducted, and it also specifies the numbers of these seats and their assignment to candidates who are members of the Polish United Workers' Party, the United Peasant Party, the Democratic Party, the PAX Association, the Christian-Social Union, and the Polish Catholic-Social Union. The pertinent resolution is published in DZIENNIK USTAW POLSKIEJ RZECZPOSPOLITEJ LUDOWEJ.

"5. The repeat elections in each designated electoral district are limited to two candidates reported to the pertinent district electoral commission by the national headquarters of the organizations named in Paragraph 4.

"6. The provisions governing the reporting and registration of candidates for deputies apply correspondingly, with the proviso that the candidates are reported not later than 4 days before the date of repeat elections."

2. In Article 83:

a) Paragraph 1 is complemented with the following Paragraph 1a:

"1a. The concerned district electoral commissions also immediately notify the voters—by putting up posters—about the numbers of the Sejm seats and their [partisan] allocation, pursuant to Article 81, Paragraph 4, and provide personal data on the candidates reported for these seats."



b) In Paragraph 2 the expression "repeat elections" is each time complemented with the expression "to all unfilled seats."

**Article 2.** This Decree takes effect as of the day of its publication.

**Resolution Concerning Unoccupied National List Seats**

26000561b Warsaw TRYBUNA LUDU in Polish  
14 Jun 89 p 3

["Text" of resolution No 68/89 of the Council of State dated 12 June 1989 (published in DZIENNIK USTAW No 36, 13 June 1989) concerning the repeat elections for the unoccupied seats from the national list election]

[Text] Pursuant to Article 81, Paragraph 4, of the Decree of 7 April 1989 on the Law Governing Elections to the Sejm of the Polish People's Republic, 10th Term, 1989-93 (DZ. U., No 19, Item 102; and No 36, Item 198), in connection with the communique of 8 June 1989 of the State Electoral Commission on the results of the balloting and elections to the Sejm of the Polish People's Republic conducted on 4 June 1989, the Council of State hereby orders the following:

**Paragraph 1**

Repeat elections to the 33 unfilled seats from the National Electoral List will be held in designated electoral districts among those established by the Resolution of 13 April 1989 of the Council of State on electoral districts for elections to the Polish People's Republic and on the number, numeration, and assignment of seats from these districts (DZ.U., No 21, Item 111; and No 22, Item 116).

**Paragraph 2**

The following electoral districts are designated for repeat elections to the unfilled seats from the National Electoral List, and the following numbers and assignment of these seats are specified:

1. In Electoral District No 1, Warsaw-Downtown, Seat No 426, assigned to candidates who are PAX members, is added.

2. In Electoral District No 4, Warsaw-Wola, Seat No 427, assigned to candidates who are members of the Christian Social Union, is added.

3. In Electoral District No 5, Warsaw-Zoliborz, Seat No 428, assigned to candidates who are members of the PZPR, is added.

4. In Electoral District No 8, Biala Podlaska, Seat No 429, assigned to candidates who are members of the PZPR, is added.

5. In Electoral District No 13, Bydgoszcz, Seat No 430, assigned to candidates who are members of the PZPR, is added.

6. In Electoral District No 14, Chojnice, Seat No 431, assigned to candidates who are PZPR members, is added.

7. In Electoral District No 16, Chelm, Seat No 432, assigned to candidates who are ZSL [United Peasant Party] members, is added.

8. In Electoral District No 24, Wejherowo, Seat No 433, assigned to candidates who are SD [Democratic Party] members, is added.

9. In Electoral District No 25, Gorzow Wielkopolski, Seat No 434, assigned to candidates who are PZPR members, is added.

10. In Electoral District No 29, Kalisz, Seat No 495, assigned to candidates who are PZPR members, is added.

11. In Electoral District No 30, Gorzow Wielkopolski, Seat No 496, assigned to candidates who are PZPR members, is added.

12. In Electoral District No 34, Jaworzno, Seat No 437, assigned to candidates who are members of the PZKS [Polish Catholic Social Union], is added.

13. In Electoral District No 40, Rybnik, Seat No 438, assigned to candidates who are PZPR members, is added.

14. In Electoral District No 41, Wodzislaw Slaski, Seat No 439, assigned to candidates who are PZPR members, is added.

15. In Electoral District No 43, Skarzysko-Kamienne, Seat No 440, assigned to Candidates who are PZPR members, is added.

16. In Electoral District No 46, Koszalin, Seat No 441, assigned to candidates who are PZPR members, is added.

17. In Electoral District No 47, Szczecinek, Seat No 442, assigned to candidates who are PZPR members, is added.

18. In Electoral District No 48, Krakow-Downtown, Seat No 443, assigned to candidates who are ZSL members, is added.

19. In Electoral District No 56, Krasnik, Seat No 444, assigned to candidates who are PZPR members, is added.

20. In Electoral District No 57, Pulawy, Seat No 445, assigned to candidates who are ZSL members, is added.

21. In Electoral District No 59, Lomza, Seat No 446, assigned to candidates who are PZPR members, is added.

22. In Electoral District No 61, Lodz-Downtown, Seat No 447, assigned to candidates who are PZPR members, is added.

23. In Electoral District No 65, Nowy Targ, Seat No 448, assigned to candidates who are PZPR members, is added.

24. In Electoral District No 71, Ostroleka, Seat No 449, assigned to candidates who are ZSL members, is added.

25. In Electoral District No 73, Piotrkow Trybunalski, Seat No 450, assigned to candidates who are SD members, is added.

26. In Electoral District No 75, Plock, Seat No 451, assigned to candidates who are ZSL members, is added.

27. In Electoral District No 76, Kutno, Seat No 452, assigned to candidates who are PAX members, is added.

28. In Electoral District No 82, Bialobrzegi, Seat No 453, assigned to candidates who are SD members, is added.

29. In Electoral District No 84, Mielec, Seat No 454, assigned to candidates who are PZPR members, is added.

30. In Electoral District No 86, Siedlce, Seat No 455, assigned to candidates who are ZSL members, is added.

31. In Electoral District No 96, Tarnow, Seat No 456, assigned to candidates who are ZSL members, is added.

32. In Electoral District No 98, Torun, Seat No 457, assigned to candidates who are ZSL members, is added.

33. In Electoral District No 100, Walbrzych, Seat No 458, assigned to candidates who are PZPR members, is added.

**Paragraph 3**

This Resolution takes effect on the day of its promulgation.

## GERMAN DEMOCRATIC REPUBLIC

### Operations of Railroad Engineer Troops Described

23000173 East Berlin AR ARMEERUNDSCHAU in  
German No 5, May 89 pp 70-75

[Article by Lt Col Ulrich Fink: "On the Track Together"]

[Text] Who has not experienced this during a train trip: On a completely open stretch, the express train suddenly slows down and just jugs along. When one looks out the window, one sees orange or green-painted large equipment on the sidetrack: a construction site. Workers in the uniform of the Reichsbahn [German Railroad] or in fatigues sometimes wave back when children wave at them. Other passengers—official travelers or people worried about their train connection—look at their watches nervously. Here and there an old railroad joke is retold.

But ultimately tracks and switches, just as streets and highways, are subject to more or less significant wear. They are, after all, put under great stress through the pressure, impact and movement of rolling and standing vehicles. Moisture, drought, heat and cold also contribute to a worsening of usability, as they say at the railroad. For this reason, thorough maintenance work on roadbeds, rails and ties is simply necessary at certain intervals of time. After all, a premature reconstruction of entire railroad installations costs quite a lot of money.

Railroad engineers from the unit "Erich Steinfurth" almost always participate when somewhere in our country some track work is necessary. A great many letters of thanks from Reichsbahn directors and from the minister for transportation in the tradition room prove this.

"Where the Steinfurths work, they deliver quality," asserts Reichsbahn official Heinz Maaske as well. He points to his control sheet. The figures, to be sure, show me precious little but satisfaction is reflected in the face of the 54-year-old man. Until 12 years ago, he himself "served" 7 years in a railroad construction regiment as a civilian employee. From his 37 years of work with the Reichsbahn, he knows what is going on in the military and also knows the important contribution that the railroad engineers are making in the resolution of national economic tasks in the framework of their special training.

The work is ending in this section of the double-tracked main line between Berlin and Karl-Marx-Stadt. When the engineers were able to meet their deadline, their go-between to the Reichsbahn played no small part in this. He ensured that material was ordered on time and also that it reached the right place. But because Heinz Maaske performs not only these functional duties and doesn't merely "looks after things" but also willingly passes on his abundant treasure of experience, the engineers see him as more than an inspector. And the

railroad veteran says this about his short-term colleagues: "A lot of new people are coming, from remote occupations as well. And they have to learn first. In principle, however, it is working."

While I speak with the career railroad man, the engineers take up the last working rails. Others are already busy on the gravel bed cleaning machine and adjust the working depth on the pick-up wheel. The machine noise then makes all further conversation impossible. Instead, it now smells of fresh earth. The gravel moves over the riddle sifter of the machine, is cleaned there and then falls back to the roadbed. The black dirt that is shaken out travels over an overburden conveyor and ends up to the side next to the roadbed. The gravel bed behind the machine now appears much lighter, as though it had just been poured. And soon freight and express trains will again travel over two tracks at this point; but at first they still do so at reduced speed.

Until recently there was also a stretch just outside Karl-Marx-Stadt that could be traveled at no more than 50 km an hour. In the startup, the previously renewed track there was certified for this. And just as any other construction, the roadbed settles during the train traffic. After a certain time, then, it is necessary to prepare the final track bed. But the "creeping" now belongs to the past after the HMK from the Reichsbahn has rolled over it. HMK is the abbreviation for the "Hochleistungs-maschinekomplex" [high-performance machine complex] imported from Austria that was leased by the regiment. In this connection, this means that it involves the Reichsbahn's own equipment that is also operated by civilian engine drivers. The members of the army measure the tracks before and after, set up the security posts and are responsible for ensuring the smooth work of the cycle.

The orange complex is led by a mechanical tamper. It lifts, adjusts and packs the track in accordance with the previously measured direction and height. The values to be achieved and the momentary track bed are stored in the machine's onboard computer that controls this work. After the first work cycle, the machine for reballasting the track returns the granite stones to the track and brushes off the ties.

The track stabilizer, a vibration machine, proceeds as the last large piece of equipment. It transfers its own vibration to the rails. In this way, the track can be consolidated so that a 200,000-ton train will not throw it out of its bed.

The levelers at the end of the train now measure the track. The soldiers determine the height and direction as well as the track banking in the curves. On the basis of these values, the Reichsbahn management sets the new possible maximum speed. In this section, it will be 100 km an hour in the future.

First Lieutenant Andreas Wehrmann is quite satisfied with this. Just 3 years in the regiment, he has already participated in the construction of several sections. This, in contrast to staff duty, naturally means more frequent and longer separation from home—the fate of railroad people, whether in blue or stone-gray. And so the officer for railroad construction sees not only the benefit for all that his work and that of the entire battalion brings but also a very understandable private benefit: “One also wants to make a quick trip home sometimes.”

Also on the move quite a lot but with his duty companion Kuebel is Ensign Hans-Joachim Mau. He is first sergeant of the First Technical Company, whose members are scattered in the truest sense of the word over half of the republic. For him, there can be no thought of a punctual end of duty especially in the middle of the month. Daily trips of 400 km are nothing unusual, regardless of what the weather happens to be doing. He says: “After all, everyone is waiting for his money. As a first sergeant, one cannot look at his watch all the time.” For years now, he has known almost all the construction sites of the regiment. At first he traveled as a technician and later as a deputy company commander for railroad construction and now precisely as “company mother.”

With his “cloth dog,” he guides us about 30 km through Lausitz strip-mining terrain to a section of the mine railroad, where three comrades—the team leader is ill—are laying the last track lengths with their “Platow.” That is one of two cranes in the company for laying track lengths. The crane is a projecting crane, which means that it does not need any auxiliary rails but moves forward on those that have just been laid. The steel construction of the crane is composed of a boom and the four supports with carriages. The power plant of the crane is located in the frame. The triple-axle undercarriage has its own drive and is equipped with a mechanical and a hand brake. Two diesel-generator groups serve as power sources.

Theoretically they could lay about 170 meters of track in an hour with their “Platow,” says private Walter Gatzke, the machine driver. “In practice, it is often a few meters less but sometimes it is more. It depends entirely upon the resupply and on the cooperation with the civilian construction railroaders.” The troop with which they work proverbially hand in hand far from all human habitation comes from the Magdeburg Railroad Track Operation and they seem to get along very well with their colleagues.

The track length packages are pulled from the transport vehicle to the inside of the crane with the help of a winch on the crane. Then successively each track length is fastened to two crossheads, driven up to the mounting position by means of the trolley hoists located in the crane girder, and set down here.

For three-quarters of a year now, Comrade Gatzke, who otherwise works as a boilermaker in the brown coal works, is “only outside—in action around the clock. That is sometimes quite hard on a person. But when one sees that the track is down, it is a good feeling to have done something with one’s labor.”

Soldier Tilo Haehnel also sees the benefit of his army time in this: “I just like to do something solid. And one really cannot do anything more sensible. The electrical fitter from Freital also says: “When one comes to the army, to such a small team, it is not difficult to adjust, one adapts quickly. Because here outside one relies on others.” Whether in work or during their free time, they are always together and there for each other. “We are a good troop and see ourselves as musketeers.”

They may also have prompted the superiors to send Thomas Neufing precisely here. The 20-year-old ensign came to the regiment just a few weeks ago from a 2-year engineering course at the officers’ college in order to gain experience to eventually take over the company’s second crane as team leader. With respect to this time, he says: “Almost everything was new for me here. For the first time, I had to decide a lot of things by myself. But the comrades have given me a lot of help and have not used their practical experience against me. They showed me how one can find many equipment defects relatively quickly on site and eliminate them.”

With the last track length laid here in the strip mine, not only is the “external operation” of the army “Platow” concluded. It is also the end of the apprenticeship of Ensign Neufing. “I am not yet perfect by any means,” he acknowledges. “But I have already learned a great deal here; from the practical work with such a piece of equipment to all the paperwork. But above all the soldiers have shown me how people are supposed to get along with each other in such a team. And there is something to it when it is said: when things are right in the team, the work is also good.”

The young ensign realized this in his practical training in the strip mining. And in the coming years, when we are once again on the move with the German Reichsbahn, we will certainly be able to check in various ways how he puts this knowledge into practice.

## HUNGARY

### No Quick Solutions Seen for Hard Hit Machine Industry

25000311 Budapest FIGYELO in Hungarian  
1 Jun 89 pp 1, 3

[Roundtable discussion moderated by Arpad Hajnoczy and Pal Reti: "Roundtable Concerning the Machine Industry: Ruble Showdown"; date and place not given; first paragraph is FIGYELO introduction]

[Text] Market switching continues to be awaited in the machine industry. According to Central Statistical Office data, the 1988 production of this branch of industry exceeded last year's level by 1 percent, convertible currency exports increased by 9 percent, while sales payable in Russian rubles increased altogether by 2.4 percent. It is well known that 70 percent of all industrial exports subject to settlement in Russian rubles are machine industry exports. And, primarily because of the concerns regarding exports subject to settlement in rubles, many believe that the machine industry is experiencing a general crisis. Gyula Sos, deputy minister of industry, Andras Sziraki, president of Szolnok Agricultural Machinery Manufacturing Enterprise, Istvan Erdei, president of Csepel Works Machine Tool Factory, and Andras Koves, scientific vice president of Kopint-Datorg took part in our roundtable discussion.

[FIGYELO] Particularly due to concerns regarding exports subject to settlement in rubles, should we come to believe that the machine industry is experiencing a general crisis in Hungary today?

[Sos] Under no circumstances would I call the current situation the machine industry is in a general crisis, or even a crisis. The phenomenon that causes crises is a significant under-utilization of capacities and resultant employment concerns. This does not characterize today's situation in Hungary. At the same time, however, significant structural tensions may be observed in the machine industry. The significant capacities developed for purposes of CEMA cooperation must be operated today on the basis of zero balance mercantile exchange. In addition, the People's Army budget has also been reduced; they are purchasing less from socialist countries, and this means that we can export fewer of our defense industry products. In other words: We are unable to utilize the capacities developed for their original purposes.

Independent of these two points of view, one may observe structural change, but not to a sufficient degree. This statement is supported by the machine industry branch's export data of last year. Further, significant tension is caused by the fact that the technology applied in the machine industry is becoming increasingly obsolete, and therefore the enterprises experience increasing

difficulties in responding to the demands of more sophisticated markets, either in terms of shipping deadlines, or in regard to product quality.

[FIGYELO] These types of problems already existed 5 and 10 years ago. Are we dealing with periodically recurring problems or with a new type of crisis, or tension if you will?

[Sos] These are tensions we have experienced for a long time indeed, but now they have become acute.

[Koves] I see this somewhat differently. The machine industry is that branch of industry which oriented itself to the greatest extent toward the socialist market. Therefore it is unavoidable that, when for various reasons CEMA cooperation experiences a crisis, the first ones to feel this will be the processing and machine industries. I believe that the present situation of the machine industry has evolved largely as a result of the crisis in CEMA cooperation, as a result of that one-sided orientation in which this branch of industry has developed over the past 40 years. The crisis may be more acute than what we have discovered thus far. Industrial machine development was based on the perception that the industry's exports to the Soviet Union would be constantly increased, because such exports are the primary source for offsetting raw material and energy imports from the Soviet Union. By now we know: Both elements of this perception are unrealistic. For this reason, the volume of socialist exports, and—due to the nature of Soviet demand—machine industry exports in particular, must be further reduced to a significant degree. Accordingly, the Hungarian machine industry is in a period in which its fate in the next decade depends on its ability and preparedness to reorient itself.

[FIGYELO] How do enterprises face this situation? Are they saying that to the east of us there exists a large market, but because of various constraints established by the authorities, the enterprises cannot deliver their products to that market?

[Sziraki] I do not believe that the machine industry is experiencing a general crisis either, but one can feel the effects of the earlier, grave industrial policy mistakes, in other words: the mistake by which the machine industry formulated its structure on a shortage economy, on the less sophisticated demands of the socialist and domestic markets. This structure does not become suitable to open its doors toward Hegyeshalom on command. The ability of an enterprise to adapt itself hinges largely on the entrepreneurial conduct of enterprise management, and only to a small extent on the technical and technological features of the enterprise. And of course it also hinges on who comes to understand, and when, that an industry passes its test on the world market. When we began to switch markets at the Szolnok Agricultural Machinery Enterprise a year and a half ago, a politician called me to



his side. He made me understand that they were tired of trips to the West. The main market is to the east. Then they held me accountable for the results.

[Koves] Were such things still taking place in the 1980's?

[Erdei] They told me in 1979 that the volume of goods shipped to the Soviet Union expresses our fidelity to the Soviet Union. I had to ask permission for Western shipments so that they wouldn't think I was anticommunist.

[Sos] Last year, for reasons of balance the machine industry was able to ship less to the Soviet Union from the outset, and in Hungary the sale of consumer and investment goods declined. Despite this fact the machine industry increased its production volume by 1 percent. And this means that part of the enterprises have switched markets. At the same time, the limits of further market switching can be clearly seen. In the machine industry the average age of machinery increased during the 1980's from 8.5 years to 12 years, as compared to the previous year; last year investments dropped 27 percent, while in industry as a whole they dropped only 10 percent. In other words: While the goal is to provide preferential treatment to the processing industry, the machine industry is coming into increasingly difficult straits. Within industry as a whole enterprise production was halved, while machine industry production declined to one-third of the previous level. Last year machine industry profits as a proportion of sales income did not exceed 4 percent, and for example in the agricultural machine industry it was one and one-half percent. All this makes increased investments impossible, and capital outflow from the machine industry continues.

[FIGYELO] For what reason could the machine industry have fallen into a worse situation than the other branches of industry? And in general: Is government management solely responsible for the structural crisis or are enterprise managers also responsible?

[Erdei] However it does it, the economy still functions and produces. The state not only caused damage, it also assured conditions for the enterprise's ability to function. Many enterprises were able to make a good living out of the CEMA market for a long time. And what are they demanding now from, for example, the defense industry enterprises? They are telling them to deliver even the last screw by 31 December, and beginning on the first of the year they should emerge with new products. But time is needed for an enterprise to manufacture something else.

The greatest concern faced by the machine industry is that it is forced to produce in a totally outmoded fashion. In Hungary there is no component parts and spare parts industry. We cannot buy anything elsewhere, we must manufacture everything. And profits are low in the machine industry because foundry product prices are substantially higher than warranted.

[Sos] The cost of fundamental machine industry raw materials increased twice as fast in Hungary between 1980 and 1987 than, for example, in the FRG.

[Erdei] And of course the fact that the limits [of trade] are defined by the planning offices of the two countries also presents concern. A changeover to convertible currency-based settlement in Hungarian-Soviet trade relations would be advantageous to us, because we could formulate new, modern cooperative forms with Western firms, the ones which do not invest in Hungary today because they are unable to enter the Soviet market due to the ruble-U.S. dollar conversion.

[Koves] I find it essential that we stop treating socialist trade as a political issue, the way that was done for a long time. I agree with the statement that it is impossible to make new demands on an enterprise overnight. But we are experiencing a lasting shrinkage of the machine industry's opportunities in the socialist market. After all, insofar as volume is concerned, our Soviet imports have not increased since 1978-79, and whatever the machine industry exporting enterprises recognized as a market expansion stemmed from the increased oil and raw material world market prices. The greatest mistake was made when economic policy did not recognize for long that there was a lasting decline in the ability of the Soviet Union to deliver, and when the one-sided Soviet orientation further increased during the 1980's. In other words, the machine industry—the enterprises and the state administration—must take this factor into consideration, and must recognize that 80 percent of all exports can no longer be sold on the Soviet market.

[Sziraki] Why is the machine industry not competitive? Ever since they liquidated the small and medium-sized plants, virtually the only one who has prestige is the one who delivers the final product. For example, in many places local political leadership looks with contempt at businesses which do not produce a final product. In other words, on the one hand they expect a large-scale change, but the conditions for that have not yet been established.

[FIGYELO] Is it conceivable that in the background industry a process that is opposite to the one before would begin? Perhaps it would be possible to loosen the antiquated operation by transferring capital—not by forced decentralization. [as published]

[Sziraki] This is conceivable, but the enterprise sphere of action is narrowing down. For example, our enterprise's profits plummeted from 10-12 percent to below 1 percent in such a way that we increased our capitalist exports by 20 percent and reorganized the enterprise. In this way a breakthrough is rather hopeless, especially if they do not leave the money where it was earned.

[FIGYELO] The machine industry leadership differs in many respects from other industry branches, because in the days of nationalization they placed much more

emphasis on the enforcement of political interests, and through the generations a management evolved which is more politically loyal than professionally sophisticated.

[Erdei] I do not quite understand this statement in the perspective of 40 years. I believe that since nationalization, the second or third generation is directing the enterprises by now, and the first generation is slowly retiring. Aside from that I would say that the machine industry leadership is rather agile and flexible; the concern is that when they seek possibilities for a breakthrough they are always forced to assume a constrained course of action.

[FIGYELO] For this reason too the following question may be legitimate. If fiscal constraints were relaxed, would the increased sphere of action given to enterprises indeed help structural change, or would it merely result in the broadening of production and investment in the existing bad structure?

[Erdei] Anything could be swept off the table by today's narrow-minded financial policies which endeavor budgetary balance. There is the issue of attracting foreign capital, the list of "enterprises for sale." As a result of related economic diplomacy a British firm came to see us expressing an interest in cooperation. And in this regard it is a matter of evaluation what group of enterprises we offer for foreign operating capital. If the state wants to sell parts of enterprises which have neither a market, nor products, nor management, foreigners will pay only pennies, while we would like to sell at a price representing the full worth of assets. I need not tell you, the success of such an undertaking is doubtful. In contrast, if we give away these enterprises at a lower price, and the foreign partner introduces new technology, manufactures modern products, maintains a modern workplace, pays workers well, and produces efficiently, then, even though this may not produce momentary advantages, it nevertheless invigorates the economy. Exports will increase, and the people's economic balance situation will improve.

[Sos] Attracting foreign capital has a number of obstacles. Foreigners endeavor to assign values that are as low as possible to enterprise assets, because in that way they can own a larger part of the enterprise and receive a larger part of dividends while investing the same amount of money. This is so, except for the fact that the Hungarian stockholder, such as a bank, would not welcome a situation in which he must devalue the worth of his shares by half and write off the rest as a loss. And this situation will not change as long as there is no stock market in Hungary, and as long as one cannot tell the worth of various enterprises virtually on a day to day basis, and thereby the worth of capital.

On the other hand, the attraction of capital could be enhanced if together with the socialist countries, or at least with the Soviet Union, we would adopt a system in which settlements are made in free foreign exchange. This would obviously increase demand manifested by foreign operating capital.

[FIGYELO] In the framework of Hungarian-Soviet relations a transition to dollar-based settlement would cause a 1.5 billion dollar loss according to some economists. And obviously, this loss would be incurred not in the sphere of consumer products, but primarily in the machine industry. A large part of machine industry enterprises have the problem of not being able to sell, and therefore dollar-based settlement is out of the question.

[Sos] This is not so.

[Sziraki] It is beyond debate that the situation of individual enterprises differs substantially. Nevertheless dollar-based settlement, a specific sizing up of the industry, would by all means exert a beneficial effect on the machine industry.

[Koves] These calculations are at very preliminary levels...

[Sos] ... and they are highly inaccurate. For example, the pricing of Ikarus buses takes place by calculating the 5-year average price on the basis of the Mercedes catalog, which is, let's say 360,000 Deutsche marks. This amounts to roughly 180,000 U.S. dollars. But because Ikarus is not Mercedes, the partners will reach an agreement that the Ikarus price will be half that of the Mercedes price. They will multiply this figure by 0.6, and the final result is 50,000 Russian rubles. It is obvious that the Soviet Union will not buy Mercedes buses, because within its present infrastructure the Ikarus 200 series is marvelously adequate. If settlements were to be made in free foreign exchange one would not count on 5-year average prices. For example, at present the price of a Mercedes bus is 411,000 Deutsche marks, or 200,000 U.S. dollars. Half of that is 100,000. Ikarus could lower its prices by as much as 50 percent, and would still do better with 50,000 U.S. dollars than with the same amount of rubles. I do not know how they calculated the 1.5 billion dollar loss, but I suspect that taking it enterprise by enterprise, product by product, the final result would be completely different.

[Koves] It would be useful to discuss first why we must change to dollar-based settlement. The issue is that in order to accomplish a global economic opening, in order to reorient the external economy, it is necessary for Hungary to separate the role, responsibility, and risk assumption by the state from those of the enterprises in regard to CEMA trade, so that mutual extortion will become impossible, and so that the relatively simple Russian ruble export will not hinder the evolution of global market export orientation; in the final analysis, so that the export and import decisions of enterprises will be made on the basis of each enterprise's viewpoint. Meanwhile the state should perform the task of macro-economic regulation, for example by means of exchange rate policies.

[FIGYELO] Does this mean that the annual and 5-year mercantile exchange agreements would be discontinued?

[Koves] This must be made our goal, alternatively that only such interstate trade agreements be made in which the state does not assume obligations. Changing the system by which the state assumes obligations also demands the change of the basis in which CEMA settlements are made. We should have a different system than the present transferable ruble system—free or clearing dollar settlements, perhaps the ruble clearing settlement now used in the Finnish-Soviet relationship. FIGYELO has discussed these matters several times in recent months. It is apparent that this kind of fundamental change carries its own risks and tough conditions within the Hungarian economy, which must be consistently fulfilled. Such conditions are internal liberalization, market building, etc.

Two problems must be confronted under any circumstances. One is in the short term: Following the transition we must count on a price loss which will manifest itself in foreign exchange. We do not know the size of this price loss, but even if it amounts to only one-third of the figure mentioned, it will not be easy to find the backing for that loss. The other concern is how the single market orientation of Hungarian industry can be brought to an end after transition to dollar-based settlement, in order to increase our competitiveness in world markets. This, in regard to the Soviet economy, its technological level, its supply and demand structure, and most importantly its method of operation. Import decisions reflect the directing organ's situation analysis and task definition which cannot really be estimated in advance, rather than the way market demand takes shape. The Soviet balance of payments will remain tense in the upcoming years. For this reason, if everything remains the same, and if the only change we make is to trade in dollars instead of rubles, the competitiveness of the machine industry will not change. The situation of the Hungarian agricultural and food industries has not improved at all just because today wheat and some meat products are sold to the Soviet Union for dollars. As a matter of fact, their situation has worsened. Hungary's competitiveness must be established primarily in the capitalist markets.

[Sziraki] Unless there is a full-scale CEMA reform within a short period of time, including the pricing and settlement systems, Hungary's monetary reform of ruble exports cannot be accomplished either.

[Koves] And we know that within CEMA there will be no reform in the short term, and Hungarian endeavors are nurtured by this recognition.

[Sziraki] I wonder whether there is a chance that the Soviet Union would purchase Hungarian products for dollars, without offering offsetting deliveries? One cannot foresee the expansion of export opportunities.

[Sos] A transition to dollar-based settlement will not mean an unlimited sellers market. We will continue to be able to export as much as we are importing. "Brakes" are also applied in the Soviet Union, so that they do not increase their country's indebtedness.

[Erdei] All these are only hypotheses of course, including the possible damage. Andras Koves said: The most important thing is that the state remove itself from the marketplace. Well, let it move out! But then, the press should not demand that the state resolve certain problems! Gyula Sos, for example made more statements regarding the Ikarus versus Csepel affair than the combined number of statements made by the presidents of the two companies. Even the television reporter asked why the minister does not negotiate with them on Saturday. I have this question to ask: Why does he negotiate with them at all? Did anyone believe that chassis deliveries would stop? Taurus cannot sell its 80,000 tires elsewhere, nor can the foundry industry sell its specialty products.

[Koves] I agree with this statement.

[Erdei] At last, the merchants should be permitted to sell, and let the political leaders make friendships. If they leave the enterprises alone, they certainly will be able to agree on prices.

[Sos] The state is hardly in a position to stick its head in the sand. Because as long as it has established a defense industry capacity, and as long as the enterprise has a 1 billion forint debt, the state will have to reschedule or suspend payments. The changing of markets takes time and money. This, of course, does not apply to every enterprise, only to those in which a larger part of production is endangered.

[Erdei] I do not agree with the idea of prolonged subsidies. And my disagreement stems not from the fact that when Csepel Machine Tool Works asked for subsidies it did not get any because it has only 1,800 employees. On the other hand it is true that switching markets which are dependent on a change in product structure requires time, in other words, it would be a shame to nurture illusions relative to a deep-rooted change.

#### **Ivanyi Comments on Party Economic Outlook, Role, CEMA**

*25000271 Budapest FIGYELO in Hungarian  
11 May 89 p 3*

[Interview with Pal Ivanyi, Hungarian Socialist Workers Party Central Committee secretary and Politburo member, by Gabor Karsai: "Nor Did I See the Economic Emergency Situation as Warranted"; date and place not given]

[Text] With the development of a market economy and a multiparty system, the MSZMP's [Hungarian Socialist Workers Party] economic policy must also change.

Gabor Karsai asked Pal Ivanyi, MSZMP CC [Central Committee] secretary and Politburo member, about the already perceptible features of this change.

[FIGYELO] How much power does the CC secretary have today? I think that previously it was comparable to that of the prime minister.

[Ivanyi] Even previously, the prime minister was considered second in party command, and the CC secretaries followed somewhere after him in line; it is true, however, that the secretaries had much more power before as a consequence of the party state concept. The secretary's function has become unequivocally political. Of course, this office has influence, or power if you will, but not in concrete economic issues. My responsibility as chairman of the Economic and Social Policy Committee and the Strategic Committee is to work out the concept of the party's economic policy, and to prepare political decisions.

[FIGYELO] How have the area and large-enterprise party committees, which for decades have been accustomed to considering the CC apparatus a natural vehicle for lobbying, accepted this rather limited sphere of action?

[Ivanyi] I have a good basis for comparison because I worked as deputy department chief in the CC's economic policy apparatus in the mid-1980s. At that time, we were still frequently asked to help or to intervene in issues regarding state economic decisionmaking. Today this has changed, of course; the party organizations do call attention to economic or sociopolitical problems, but the previous "behests" to settle something in government organizations have ceased. At most, we receive requests to press for government bailouts or other state decisions, for uncertainty generates unnecessary tensions or causes great losses. We try to fulfill such requests without interfering with the issues or the concrete methods of solving them.

[FIGYELO] Nonetheless, during his recent interview with HET [Week], Prime Minister Miklos Nemeth spoke about the need for more radical progress in the separation of the party and the state, because the changes that have taken place so far are not resolute enough.

[Ivanyi] The Prime Minister should have been asked specifically what he was thinking of. I am sure that he did not allude to the apparatus of economic policy, for I can responsibly state that ever since I have been CC secretary, we have not taken an advance stand on operative issues (e.g., the forint's devaluation, the change in customs tariffs, or the freeway toll) and have not put such matters forth to any political body. And those issues which we did discuss (agricultural policy, allocation policy, foreign trade strategy), resulted mostly in standpoints of a political nature, for which the experts criticized us, namely, that our standpoint was not concrete enough. Miklos Nemeth and I fully agree that the party

should deal exclusively with strategic issues. Incidentally, we continually discuss all such professional material which could be important from the aspect of developing and changing the economic policy. Let me note in parenthesis that a political and politicizing party must deal with any issue that concerns larger groups of people or the party membership, regardless of whether or not it is a strategic matter.

[FIGYELO] A solution to economic problems is inconceivable without unified, decisive, and imaginative government activity based on a democratic public consensus. However, according to all indications, the government in office until mid-May lacks unity (let us just think of the dispute between the Chairman of the National Price Office and the Director of the Hungarian National Bank on the devaluation of the forint, or the contrasting opinions of the Minister of Industry and the Commissioner of the Ministry of Metallurgy); many incompetent decisions are being made that are also politically detrimental (this is illustrated by the outflow of the population's convertible currency from the country); and, as stated by Deputy Prime Minister Peter Medgyessy at the 7 March CC meeting, the government has neither the party nor the National Assembly behind it. As a leader of the party which is in power, but which is struggling to regain public trust, what is your opinion regarding this?

[Ivanyi] First, let me state unequivocally that we support the government. However, it is true that we would like a government which would decisively and efficiently implement economic policy. In this respect I agree with the criticism regarding this matter, namely, that decisions really have been made which have had no significant economic effect but have aggravated the people. To avoid such situations, professional, unified, dynamic, and decisive government activity is necessary. So that the personal conditions for this can be created, all support must be given to the prime minister.

Another useful lesson during the change of our political system is to give the head of government the opportunity and the right to announce his own independent platform and to set up his own team. The legal and political conditions for this urgently need to be created.

But I think the dispute regarding the devaluation reflected a diversity of approaches rather than a lack of unity. In the given situation it is natural for the bank director and the chairman of the Price Office to represent different priorities and logic. This contradiction can be resolved only through a unified line of economic policy.

[FIGYELO] It seems precisely this carefully conceived economic policy that is lacking.



[Ivanyi] Since the May 1988 party congress, the MSZMP has never denied that it had no comprehensive, consistent, forward-pointing, and new economic policy platform. This platform must be worked out by the next congress; the committee dealing with this is about to publish the results of its work in a special issue of the TARSADALMI SZEMLE [Social Review]. Time is pressing, of course. But it is a time-consuming task to create a new model and to consider and coordinate its every aspect. However, under the circumstances of an economic crisis, quick decisions, which genuinely deal with tensions as well, are also needed. And while on the one hand, these are made during debates, on the other hand they do not always prove to be the right decisions. These presumably unavoidable occurrences should not lead to mudslinging, however a determination for corrections must prevail at the same time.

[FIGYELO] It has become public during the past few days that the MSZMP's general secretary thought the announcement of an economic emergency would be warranted, but the Politburo and the prime minister opposed it. What does an economic emergency situation actually mean, and what standpoint did you take in the debate?

[Ivanyi] The General Secretary did not initiate the introduction of an economic emergency situation, but raised that possibility in a debate. And, as a possibility, it cannot be excluded, for any responsible leadership must have some concept for solving every critical situation. An economic emergency situation, in which the government would be given special authority in economic issues, could be introduced only on the basis of a National Assembly decision.

The kinds of emergency measures and the government's special licenses applicable under such circumstances can be determined by analyzing and weighing the causes and the given situation. It is indisputable that the economic situation is grave, but I do not see taking such a step as warranted.

[FIGYELO] Since the party congress, changes have taken place more in rhetoric than in economic policy. Aren't you afraid that, like the processes between 1985 and 1987 lacking competition and proprietary interest, the liberalization of imports and price regulations will only lead to a loosening, i.e., it will be impossible to maintain it permanently?

[Ivanyi] I disagree with your summary criticism of the economic policy. True, the political reforms are more dazzling, but important changes have taken place, and are taking place, in economic policy as well. An example of such change was, in preparing the 1988 economic policy plan, the decrease in consumption introduced in the interest of building our future. Of course, that was no jubilee; it has received much criticism too, but we indisputably stepped beyond the earlier economic policy of avoiding conflicts and postponing decisions.

The danger of hasty acceleration still exists today but it is much less than it was 4 years ago. It is clear that in this structure an acceleration cannot be launched even today. We know that growth can only be selective, and that the liberalization of access to resources must be coupled with strict regulation of demand. In my opinion, we need not backtrack from the liberalization of imports; I am more worried about the possibility of the price-wage spiral getting out of hand.

There are still hardly any signs of a structural change. For this reason, pressure to force the elimination of production losses must be much more decisive than it has been up to now.

[FIGYELO] Since economic policy is still evading local pressures that entail a structural change, it is in opposition to the entire society because of the decline in the economy's total performance. In this situation, it will be even more difficult to have unpopular decisions accepted.

[Ivanyi] This is true, but there is simply no other way. The responsibly thinking alternative organizations also know this, their economic policy being similar to ours. It is understandable that they do not emphasize this. They cannot promise anything substantial in the present economic situation either, and the problems undermine the prestige of the ruling government. A political consensus is needed to begin a radical change in the economic structure. I am, therefore, a supporter of elections in the not-too-distant future. But until then we need to give the government the political support that is indispensable for the inevitable structural change. For even up to now, the problem has not been a lack of awareness.

[FIGYELO] But promises of political support have been heard for years.

[Ivanyi] These may truly appear as empty promises. But do not forget that a political and economic reform, which could not even be mentioned earlier, has been in process for the past 10 months. This substantiates the resolution.

[FIGYELO] But the actual steps taken (e.g., the recent procrastination in the conflict between Ikarus and the Csepel Auto Works through a loan offered without consideration of a banker's views) do not illustrate this determination.

[Ivanyi] If I wanted to make a malicious comment regarding this affair, then I would say that two major enterprises wanted to force the government to reexamine its subsidies for ruble exports by referring to the prices of parts that were higher than the prices of finished products made for socialist exports. But the problem is clearly much more complex than that. I consider the bank loan a sensible temporary solution which makes production possible for a certain amount of time, during which the entire problem could be examined. Consequently, the solution to the conflict was indeed postponed but was



not swept under the rug. According to the practice of previous years, the latter would have meant, for instance, that the subsidies for the Ikarus' ruble exports would have been increased on the basis of individual write-off regulations and thus the entire problem would have appeared solved.

[FIGYELO] The debates in Hungary on the perspectives of our CEMA relations have increased recently. MSZMP General Secretary Karoly Grosz stated during his visit to Sub-Carpathia that he requested Mikhail Gorbachev to create Hungarian-Soviet economic cooperation that would be similar to the Finnish model. On the other hand, Ferenc Munnich Society member Ferenc Janosi proposed the creation of a joint socialist market; many other ideas are also known. How do you perceive CEMA's future?

[Ivanyi] CEMA's future will be determined by whether the economic mechanisms resulting from the reforms in process (wherever they exist) in the member countries draw closer to one another or continue their divergence. What is needed is not only a CEMA mechanism of market economy similar to that of the Common Market, but also countless other indispensable means, from convertible means of payment to the development of an institutional system above the state. Considering the present conditions, this can only be a long-term goal. Our policy is determined by this. Unfortunately, from the aspect of the Hungarian economy, CEMA is not an activating factor, although it is a stabilizing, one. We must continue to depend on this, for CEMA plays a crucial role in meeting our demand for energy and raw materials and in our machine industrial exports. But since the development of multilateral relations is not a realistic possibility, we would like to renew our bilateral relations.

The concept of "Finlandizing" our trade with the Soviet Union, our most important partner, emerged in this context. This would mean that trade surpluses above a certain level would have to be settled in convertible currency. This would also create an interest for the partners to deliver and, consequently, trade would not diminish. The idea of free currency trade, which would entail both significant benefits and drawbacks, was also mentioned. Some of its benefits would be the need for a structural change (which, for us, would mean increased demands), a more unified foreign market, and increased resources for efficient businesses. At the same time, we would have to reckon not only with changes in the terms of trade, which would be disadvantageous for us, but also with certain Hungarian enterprises being forced out of the Soviet market, immediately entailing employment problems. Thus, the decision must be based on the consideration of short- and long-term benefits and drawbacks.

[FIGYELO] The public is still rather uninformed about our international economic relations. This pertains not only to CEMA but also to the International Monetary

Fund and the World Bank. Very little of the economic policy recommended by these (and the pros and cons) have been publicized. But, recently, the debatable introduction of the freeway toll was claimed to have been requested by the World Bank. Would it not be justified to publicize both the compromises made during talks with foreign financial institutions and the preceding debates?

[Ivanyi] Truly, there is still a lot to be done, particularly in meeting professional public interest. While the operations of the aforementioned institutions are discussed in detail by the international press, little of this information reaches us. Many people criticize these institutions both for their economic policy that recommends extremely strict "adjustments," constantly causing political tensions, and for some recommended standard solutions that are inapplicable to the given country's special conditions. But we should not forget that when countries apply for credit, they do so because an imbalance has already developed and they need assistance in preserving their solvency. Our joining these organizations in 1982 was a great help for us, too; we could not have avoided insolvency otherwise. And our problems between 1985 and 1987 were not caused by the economic policy recommended by the International Monetary Fund.

As I said, we also feel that the experts sometimes offer us "uniforms" instead of tailor-made solutions. However, the adaptation of these also depends on our own experts. We would like for them to recognize the amount of time needed for our reform policy and the characteristics of our internal situation. In the implementation of our reform policy of stabilization, we continue to rely on the support of the International Monetary Fund and the World Bank.

And, with regard to publicizing the agreements, I think this is not only possible but also desirable.

[FIGYELO] The MSZMP is planning to prepare a new program of economic policy for the summer. What are this program's main and new features?

[Ivanyi] Information must be accurate. The MSZMP is preparing a new program for its next congress. We agreed to do this, and the time required to prepare it accounts for this deadline. But we are preparing an economic policy "package plan" which, as a preparation for this program, will inform the constituents about our intentions, at the same time offering a platform for our election candidates. In it we will deal with every issue that concerns people, e.g., with inflation, employment, growth, and social policy. It will be closely coordinated with the government's 3-year program and, of course, the latter will determine its main line. The issue about which we want to say something new is the first item in the title of the short program of our intentions, namely, how we can lay the foundations for an upswing, to be begun as soon as possible.

**Autonomous Press Trade Union Established**  
*25000306c Budapest NEPSZAVA in Hungarian*  
*1 Jun 89 pp 1, 5*

[Article by Irene Szabo]

[Text] One hundred and eight delegates of the Press Trade Union representing almost 10,000 journalists, and workers from editorial offices and publishing houses held their organizing congress in the large auditorium of the Gutenberg Cultural Home. Barely six months ago it was announced in this same room under stormy conditions that the branch trade union which encompasses the four trades, including press workers, would be changed into a provisional association so that in the future everyone may decide for himself the kind of organizational framework in which he wishes to renew himself, and what he considers as important. Even before the printers, paper industry workers, and publishing workers, the press union was first to have its congressional delegates discuss their future and to try develop the independent profile of their own trade union. This was done with apparent lack of practice, or as some speakers said, in an amateurish way. I said "tried," because as the arguments revealed, there are as many question marks related to the program as there are agreements. I am able to report only about a single commonly shared intention, and that is a determination to be autonomous, or plainly speaking: that interest protection work must be performed better than it was before.

But let us take the Wednesday events one by one. Invited participants included representatives of television and radio, the Democratic Union of Scientific Workers and of the Openness Club, as well as National Council of Trade Unions [SZOT] secretary Ferenc Szalay and Gutenberg Trade Union Federation executive secretary Lajos Cs. Nagy. Presiding officer Dr Gyorgy Lepies called the delegates' attention to the importance of their work, since the membership of the organization and the program itself are life or death issues insofar as the protection of interests is concerned. Following Lepies' remarks, Janos Berenyi provided a verbal supplement to the written documents. He said that, conscious of membership views, the council of secretaries felt that a Press Trade Union which functions as an autonomous legal entity would be the most promising organizational form, because an important process has begun in the Hungarian press in which openness is having a renaissance and is spreading in public life. It is, of course, the delegates' right to decide what they feel to be the best form from among all possible organizational forms.

Thereafter the meeting was opened for debate. FEJER MEGYEI HIRLAP trade union secretary Ferenc Takacs raised the question of who could tell what the multiparty system meant in the lives of the county newspapers because these press organs are the newspapers of the county party committees. At present there are as many

perceptions for change as there are counties. In Takacs' view, at present the editorial offices of county newspapers are witnessing the overture to a great fight.

Several persons commented. From among these I selected a few views. The deputy editor in chief of the ZALA MEGYEI HIRLAP said that the system of dependence in which the county editorial offices have worked for 19 years point in 19 different directions. Decisions are being made over their heads in a manner so that the editorial office's views are not even sought. He recommended that the Press Trade Union being formed work out a position in regard to this issue. Erzsebet Olah, the delegate from the Borsod County Newspaper Publishers had this to say: "If we become part of the party apparatus, our living and working conditions should not be worse than those of the apparatus workers. I have in mind working conditions and wages too..." In a malicious comment SOMOGYI NEPLAP trade union secretary Barna Horanyi questioned what kind of newspaper owner a county party committee is if it does not give, but takes away only. One that does not financially sustain, but instead plunders it....

HAJDU-BIHARI NAPLO trade union secretary Gyula Filep suggests that newspaper publishers in the countryside should be transformed into state enterprises. It turned out in the course of debate that a few of the participants were aware of some MSZMP CC [Hungarian Socialist Workers Party, Central Committee] material marked "For Internal Use" which describes the CC's plans concerning county party newspapers. It also turned out that all this was no longer fantasy only, because beginning in midsummer KISALFOLD will be under the county party committee, and that the premium to be paid for the editor in chief will be determined by how much the paper pays into the party coffers. There was one recommendation which suggested that a letter be sent to Karoly Grosz, since the party informed neither the Gutenberg Trade Union Federation nor the Press Trade Union about the party's plans, and providing such information would be the minimum one could expect.

The association's executive secretary Lajos Cs. Nagy assured the congress of the association's patience and tolerance, and stressed the fact that there is nothing objectionable about an organization assessing its own strength in the course of becoming autonomous. Moreover he announced that insofar as they are concerned their plans call for a friendly, respectable separation, if indeed the congress decides to leave the Gutenberg Trade Union Federation. He noted, however, that it would be beneficial if it were not the leadership's need that is expressed in this intent, and cautioned that one congress every three years will not suffice to control the workings of the council of secretaries, while the success of hard fought battles hinges on the possibility to control the leadership.

Several persons assured the executive secretary about the fact that the secretaries may be relieved of their duties at any time, and that consequently control would be in the

hands of the membership. Tibor Varkonyi, the delegate from Pallas rejected the supposition that the idea of going autonomous was not the membership's will, then noted that in the 1950's press workers did not join the former printers union of their own will. It is high time that the membership makes its own decision. Csongrad County Newspaper Publishers delegate Gyorgy Gyula Balint passionately recalled the old desire of the intelligentsia, which at present exerts a force not unlike the elements to create a desire for autonomy and independence. He then noted that the trade union will be viable only if it tells the truth, if it is not faceless, and if it serves not only as the party's service office.

But should a trade union engage itself in political discourse? This was the question dealt with by Gabor Kroinstein, the MTI's [Hungarian News Agency] trade union committee member. In his view, unless the trade union engages in political discourse, politics would grab the trade union by the collar. Although it is true that one must work at the workplace, and one must learn to defend human interests, taken by itself this amounts to very little. And since the work of the press is intellectual work, modern trade union political discourse cannot be perceived without a broadly based system of relationships. The union must be present, for example at the law on information which is now coming into being. Then there is the issue of the entire Hungarian culture. A viable Press Trade Union's program cannot omit the cultural issues. A thousand things are missing in order to permit the profession's trade union to perform its work in modern ways. We do not know the membership either in a sociological or a psychological sense, Kroinstein said. This is why it is impossible to decide on an objective basis who should be the first, second and third to obtain help. Unprofessional conduct and improvisation can no longer characterize the workings of the movement. This is why the Press Trade Union must define itself in the political arena—anyone who is on the defensive is condemned to defeat. "Let us dare to conduct political discourse," was the delegate's closing sentence.

Speaker Ferenc Szalay greeted the congress on behalf of the SZOT presidium, then, in his capacity as a journalist he expressed his understanding of flaring emotions. Social transformation is not free of tempers caused by the speed of events. He expressed his view that all the Press Trade Union wants is consistent with SZOT's endeavors to renew itself, i.e. that the movement should be autonomous, should conduct its activities independent from the parties, and should desire unity just as it would want to strengthen solidarity. Society is in great need of a consistent movement which represents a united force, Szalay said. But in the absence of control exercised by openness, without the force of proper information, neither would society be able to change in a healthy direction to democratize itself, nor would the trade union movement be able to renew itself. And if anyone can do much in the interest of accomplishing these goals, it is the workers of the press, the basic organizations of the Press Trade Union.

A few of the multitude of proposals and comments: two percent of the gross wages could guarantee the operations of the trade union; at one time journalists had free passes, now they have to struggle to regain the 50 percent discount on railroad tickets; the union must deal with the problems experienced by young journalists at the beginning of their careers to acquire apartments; no distinction should be made between a journalist from the countryside and a journalist from Budapest, only the quality of the journalist's work should determine his wages; the Press Trade Union should establish as its goal to bring together the workers of the printed press and the electronic press; the union should adopt a position relative to bringing closer the wage levels of traditional editorial journalists, and the much higher wages of those who work at newly established newspapers....

Janos Berenyi summarized the debate. Following his remarks the congress adopted and amended the program and the bylaws, and declared that it considered itself as established under the name "Press Trade Union." It declared its separateness from the Gutenberg Trade Union Federation, and that the organization is beginning an autonomous, independent life in the organizational framework of SZOT.

The elections were complete by early evening. Accordingly, the social leaders of the Press Trade Union are as follows: Secretary: Dr Gyorgy Lepies, deputy editor, MAI MAGAZIN; President: Janos Berenyi, managing editor, LAKASKULTURA. The following persons were elected as members of the union's board: Laszlo Tripolszky (NEPSZABADSAG), Dr Gabor Kroinstein (MTI), Antal Csiszka (KISALFOLD), Dr Gyorgy Gyula Balint (TOLNA MEGYEI NEPUJSAG), Barna Horanyi (SOMOGYI NEPLAP), Agota Eross (MAI NAP), Istvan Nadaslaki (Youth Publishers), and Gyorgy Baksai (Pallas). Mrs Istvan Fazekas became the chairman of the five member financial control committee.

As authorized, the leadership of the Press Trade Union drafted a letter to the MSZMP executive secretary concerning the above mentioned issue of the situation of county newspapers and publishers. The letter will be forwarded on Thursday to Karoly Grosz, and to the MTI press service so that it receives publicity.

**Ministry of Commerce Reorganized**  
*25000244b Budapest FIGYELO in Hungarian*  
27 Apr 89 p 9

[Text] As a result of merging the Ministries of Domestic Commerce and of Foreign Trade, the unified Ministry of Commerce was formed and began to operate on 1 April a year ago.

According to a ministry press release, the evolution of a market direction within the Ministry of Commerce based on a unified approach may be attributed to the

past year's success. The organization that came about was overly stratified, however. It contained too many specialized units. For this reason the management of the ministry was modernized.

The guiding principle for the change, initiated as of 1 April 1989, is the establishment of a simple yet efficient organization. It is the task of the new organizational structure to produce a work style which responds to the needs of a market economy and is sensitive to problems.

What principles guided the reorganization?

First: The ministry should be an organization which performs mainly governmental functions, has a small staff, and performs a minimum amount of operational tasks. In this way the manageability of the organization may be improved and conceptual work will not overwhelm the task of dealing with specific cases.

Second: A large part of continuous operational work should be performed by organizations within specialized offices.

Third: Tasks presented by [liaison with the] Parliament are new. There should be a systematic and quick administrative relationship and liaison between Parliament and its committees on the one hand, and the ministry on the other.

Fourth: Parallel functions should be discontinued, and there should be homogeneous organizational units in the ministry, preferably attached to complex work areas.

During 1989 the present staff of 800 persons—including the staffs of various bureaus—will be reduced to 600, and the number of organizational units will decrease from 36 to 21.

All in all, the reorganization is appropriate from the standpoint of developing a market economy; while on the one hand the reorganization should not be viewed as a closed process, on the other it does constitute a necessary, but insufficient threshold condition for the path leading to modern production, according to the news release. The latter requires further reform in the context of governmental direction.

#### Organizational Chart of the Ministry of Commerce

Minister		Ministerial Secretariat		
Parliamentary Secretariat—Oversees: Office of Foreign Tourism				
Personnel Training Main Division				
Legal and Secretarial Main Division				
Independent Press Relations Division				
State Secretary I.	State Secretary II.	Deputy Minister I.	Deputy Minister II.	Deputy Minister III.
Economic and Financial Main Group	Commercial Policy Main Division	Socialist Countries Within and Outside of Europe—Interstate Main Division	Developed Capitalist Countries—Interstate Main Division	Merchandise and Market Supervision—Main Group
Joint Enterprise—Independent Division	Developing Countries—Interstate Main Division	Soviet Interstate Main Division	International Organizations and Customs Policy Main Division	Consumer Services Independent Division
Information and Statistics Main Division	Independent Control Division	International Cooperation—Independent Division		Commercial Transport Independent Division
	Legal Oversight—Independent Division	Planning and Technical Main Group		
Oversees: Office of Commercial Development and Licensing INVESTCENTER, office to encourage foreign investment		Oversees: Service and Supply Institution		Oversees: National Commercial and Market Superintendency

### **New Horizons Seen for Software Development**

25000273a Budapest FIGYELO in Hungarian

18 May 89 p 6

[Interview with Miklos Havass, director general of the Computer Applications Enterprise, by G.T.: "Computer Technology: Sneaking into Europe"; date and place not given]

[Text] The value of Hungary's software exports, denominated in hard currency, exceeded 1.1 billion forints last year. However, it is common knowledge in professional circles that an estimated 90 percent of this amount was earned by selling the labor of software writers, rather than by selling software products.

Reports of Hungarian computer technology firms establishing companies in Western Europe and acquiring stakes in businesses there have become more frequent in recent months. The purpose of the Hungarian firms is, among other things, to replace simple "slave trade" with participation in software ventures and projects that offer far more profit under confidence-inspiring Western firm names and trademarks, but also involve much greater risk.

With 1,300 employees, the Computer Applications Enterprise (SZAMALK) is Hungary's largest computer systems house. Jointly with EOS AG, an 18-member Swiss firm, SZAMALK has formed a corporation that is headquartered and registered in Switzerland. Aprosys AG has a capital stock of 200,000 Swiss francs. Its primary activity will be software development, commissioned by Swiss business firms. We interviewed Miklos Havass, the director general of SZAMALK.

[FIGYELO] Your enterprise's share of the 1.1-billion-forint software export volume last year was 200 million forints. In comparison with "slave trade," how much more will the new venture earn for your enterprise? What new opportunities does the founding of Aprosys AG provide?

[Havass] We will be able to participate in Europe's computer technology only if we establish a presence there. Computer technology is the world's leading industry, but it requires international capital and an international market. We have been maintaining two offices in the FRG for years, and one office each in England and Finland. Now Aprosys in Switzerland is another attempt to ensure our presence in post-1992 Europe.

Through the new corporation, Hungarian specialists will have access to the world-level technology and methods of software development, to a so-called fourth generation database management system that can also be run on computers available in Hungary. Naturally, this database management system will aid the development of software not only for Swiss firms, but for Hungarian

firms as well. Incidentally, it is more difficult to purchase software-development technologies than modern hardware. The mentioned system has been taken off the COCOM list only recently.

The new firm has Swiss management and a Swiss marketing department. In the course of cooperation, the Hungarians will also be able to learn marketing, and to get to know the very difficult Swiss market.

[FIGYELO] What type of sales volume do you anticipate?

[Havass] An annual sales volume of between 2 and 3 million Swiss francs is likely. The management of EOS AG is more optimistic than we are. Due to a shortage of specialists, EOS AG has been forced to turn away many orders lately. For them, therefore, cooperation within the framework of this new corporation is advantageous because they are unable to hire foreigners. It is extremely difficult to obtain work permits in Switzerland. Through Aprosys AG, however, they will have access to SZAMALK's brainpower. With the help of the transferred technology, the software will be developed here in Hungary, but in compliance with Swiss regulations. It will be possible to station only two or three Hungarian specialists in Switzerland. They will service, install, and update the sold software programs.

[FIGYELO] More and more highly qualified software specialists are resigning from SZAMALK and other enterprises, to find jobs on their own in Western Europe and the FRG in particular, for five or six times their present incomes here at home. Will SZAMALK have sufficient brainpower left to fulfill the software orders from Switzerland?

[Havass] SZAMALK's software staff comprises several hundred specialists, many of them with years of foreign experience. For the further training of our software specialists we have regular professional courses conducted in foreign languages. And the new technology is being mastered at the Swiss firm's training center. The developers of software programs will be paid royalties, in foreign currency. Thus work for Aprosys could be a force that will keep them from going to work abroad.

## **POLAND**

### **Property Ownership: Direct Monetary Sale Favored**

26000550b Warsaw RYNKI ZAGRANICZNE in Polish  
No 16, 17-23 Apr 89 pp 9, 11

[Article by Janusz Korwin-Mikke: "To Proprietorship—How?"]

[Text] It appears that the idea of enfranchising citizens by a stock system is already prevalent and sensible people need no convincing. However, how this is to be done is not yet clear.



Recently, in many newspapers (LAD, PRZEGLAD TYGODNIOWY, GAZETA BANKOWA No 4/89) Messrs Janusz Lewandowski and Jan Szomburg have been popularizing their method. It is based on distributing the same number of coupons to all citizens. The total amount of these coupons would represent the value of the state's assets. With certain exceptions (Belvedere Palace, armaments factories—where most of the stock would remain in the hands of the Ministry of Defense, employee stock-purchase privileges), everyone could buy a share in a selected firm and presto: privatization has been accomplished!

I must say immediately that there is plenty to discuss because this idea stems from social assumptions with which I am familiar, assumptions which are accompanied by a desire to accomplish privatization "justly."

I am not against it as a competitor (for 10 years I have been suggesting the simplest version—a direct monetary sale). I am only saying that their idea is flawed for strictly technical reasons.

I will examine the motives for which the PRZYGLAD TYGODNIOWY writers propose their idea instead of ordinary direct sales:

1) Technical reasons. Many authors, including Mr Rafal Krawczyk, say that a direct sale would be impossible because all of the population's financial resources would hardly be enough to buy 5 percent of industry.

This charge reveals a lack of understanding on how money functions.

Let us assume that a factory puts its stock on sale. It sells, let us say, only 4 percent of the total amount. It receives cash. What will it do with this money? It will immediately disburse it to its employees in the form of bonuses for additional productivity, for deliveries of additional semifinished products, etc. As a result, the money will again reach the people, who will then be able to buy another 4 percent of the stock... Theoretically, therefore, it is possible—although extremely unlikely—that after 25 days all of the stock will be sold (particularly if the factory wants to pay for future services and deliveries...) Indeed, one zloty can, in the course of one day, be used in dozens of transactions.

Those are the ABCs. Naturally, in practice this would take not months, but years. Mrs Margaret Thatcher has been ruling Great Britain for over 10 years and at least half of industry is not yet privatized! And correctly so, because haste makes waste. The flow of a stream must be reversed in one hour, but the grains of sand in the riverbed can adapt to the new current for a long time, and acceleration of this process can only be damaging.

2) Fairness. The authors say (correctly) why sell to workers and not to retirees, people not employed by the state, etc.

Unfortunately, the plan proposed by Janusz Lewandowski and Jan Szomburg is not in the least bit fair. It retains privileged sales to employees, and deprives those who worked in the private sector (who are statistically the most affluent) of an additional chance. The authors do not make their position on retirees clear. Would giving them stock free mean that their annuities and pensions would be taken away? After all, the "retirement fund" does not exist—it is only a hope for profit from the state domain. The retirements would be paid out of these profits: therefore, either, or! If the authors want to take away the pensions, then I vote "yes"! The question is, can we tell a 90-year-old person, for example, to choose some kind of stock and then when the firm bankrupts the next day, say to him, "It's all your fault, you chose the wrong stock."

Furthermore, why should a childless individual and someone with sextuplets who will be 18 years old the day after the transaction occurs, both receive just one share of stock? And what about the unborn children? Will foreigners who apply for Polish citizenship also receive the applicable distribution? The Lewandowski-Szomburg system may be unfair to other people, while statistically, those who have the most money but in general worked harder, will be better owners.

The Lewandowski-Szomburg system is typical of liberals who are not sufficiently conservative: They would like to operate on healthy tissue, construct something out of nothing, etc. That should not be done. It leads straight to a revolution! The proof of this thesis is somewhat lengthy and this is not the place for it—fortunately, in addition to the fact that the idea is unnecessary, all it takes to refute it is the observation that it is technically unthinkable. It is not important that a square wheel is not attractive and one can injure oneself on it, but what is important is that it cannot be designed!!!

Let us note first, that the emission of such coupons would be the creating of money. At the same time, because means of production cannot be purchased for zlotys, this would be a further limitation on the role of the zloty and ultimately destroy its position. In addition: the boundary between the means of production and the remainder is extremely fluid. Even a big furnace can be transformed into a revenue-producing chute for children! Cannot an Iskra company delivery van be sold for zlotys?

Let us say that this could somehow be arbitrarily settled. But now we come to the most important stumbling block: There will be many buyers for one stock, and not very many people willing to buy another stock. Who decides who will get the "good" stocks?

Therefore, instead of an idealized vision of people who politely exchange 2 trillions in their possession for stocks worth 2 trillions, we have either a blind lottery or a feverish bargaining.

And here we have a question: Will Kowalski have the right to buy stock worth 1 million and pay for it with coupons worth 2.5 million?

Let us note that the authors are attempting (through name-inscribed stocks) to prevent stocks from fulfilling the role of money. Indeed, if a stock were to have real value, then by definition it would have to be variable. But some of the stocks would have to go for 2 million and the others? Who would reduce their value? Would they remain unsold, for example, if someone were willing to buy them for 800,000, but... all of the coupons had already gone for more expensive stocks...

Well, and what is most important: Who is to check whether Kowalski is not secretly giving Wisniewski zlotys (or dollars) to get him to sell stock which both of them want. Thus the currency circulation would become confused and the Lewandowski-Szomburg plan would be reduced to the printing of additional inflationary money.

As we see, money always interferes in every economic activity. The authors' proposal is, as a matter of fact, economic stalinism, an attempt at making everything standard—as unrealistic as, for example, an equal start for youth through uniform schooling. If we are trying to make the "zloty convertible to a zloty," when with difficulty we eliminated the "investment," "personal," "unpersonal," and "technical advancement" zlotys, the authors again introduce a separate—theoretically not convertible to any other—money.

I repeat: I look at this attempt with completely friendliness. I believe that the authors are young, very high-minded, and even the idea gives the impression that it is completely reasonable (ostensibly). But even in such hectic times, plans affecting the foundations of a system, i.e., ownership, should be considered with the necessary coolness, respecting the rights which have been obtained. Even if as a result of the ordinary sales of as much as 20 percent (instead of 10 percent by the coupon system) ownership fell into the hands of former very important people, unloved by Lewandowski and Szomburg. If they stole, then it should be taken away from them through the police, and not through a ban on buying for zlotys. After all, this proposition is for all the world like the money exchange of the 1950's. At that time, the large landowners and the bourgeoisie were left with a pile of zlotys. Now it would be the newly rich from the Gierke era... The people are different, the method is the same.

Thus: Only monetary sales. With preference to workforces, especially directors, from a pool reserved by the government, the voivode, the chief officer of a group of villages, the village administrator, the mayor (in proportions established by the Sejm), as representatives of the local authorities with conflicting interests. And to cover the "retirement fund," because where in the future is the state treasury supposed to get the money to pay the retirement pensions which are due and have been promised? I see the funds' stocks as being passive, i.e., without

the right of a vote at a stockholders' meeting. And by the way, a calculation of how much we owe our own citizens will finally show how small our external debt is... And does the Social Security Agency know, perhaps, how much it owes us?

Therefore: For money and without undue haste. Here and there an auction, then a group of auctions in one place which, after a while, can be called a stock exchange.

But the decision—a firm, bold, irreversible decision on sales, must be made immediately.

### Activities Defined for Bank for Economic Initiatives

26000554 Warsaw GAZETA BANKOWA in Polish  
No 14, 3-9 Apr 89 p 9

[Interview with Dariusz Przywieczerski, director-general, Universal Ltd, by Marek Matusiak: "The BIG Bank"; date and place not given]

[Text] [GAZETA BANKOWA] There was a lot of talk a few months ago about the Bank for Economic Initiatives [BIG], but as time goes on less and less seems to be said about a startup of the BIG bank's operations.

[Przywieczerski] Even if this is so, it does not affect the group of initiators of this endeavor. We are still making strenuous efforts to find a place for our bank within the framework of bank demonopolization. We believe that it would improve the efficiency and quality of bank services, reduce the cost of services, and increase and diversify the forms in which bank actions are being performed. Particularly because BIG can help to make all sectors of the economy and the forms of activity conducted in them truly equal.

[GAZETA BANKOWA] Universal is one of the principle potential stockholders. Who else claims to be a founder of the bank?

[Przywieczerski] They are—with the understanding that the complete list of founders has not yet been established—the Society for the Support of Economic Initiatives, the Security and Reinsurance Society Warta, the State Insurance Bureau, the Cooperative Trade Society Expolco, and the Economic-Innovations Society Interster.

[GAZETA BANKOWA] What are the bank's tasks and range of activity?

[Przywieczerski] The primary goal of our endeavor is to create conditions for the financial and legal-organizational support of effective economic initiatives, especially as concerns the development of foreign economic relations. In connection with this, one of the main tasks will be to organize—in cooperation with other financial institutions—a capital and securities market, and also to conduct, for our own account and the account of our

clients, capital operations on this market. We intend to give this task priority from the beginning of the bank's existence. In addition, both analytical work and applications work will apply on a par to turnovers and settlements of accounts in zlotys and in foreign currency.

[GAZETA BANKOWA] The goal is commendable, but after all, the creation of a capital market is not a process which can be accomplished in days or weeks. Is it possible that until this not-yet-defined time comes, the BIG bank will have nothing to do?

[Przywieczerski] We have taken this into account and that is why until the organization and technique for the functioning of a capital market is in place, the bank, from its founding, will conduct operations on a narrower scale and under a more simple formula.

[GAZETA BANKOWA] Meaning?

[Przywieczerski] First of all, the financing—in various forms and on diversified terms—of profitable economic ventures will be undertaken. This is to be a three-fold activity: Joint financing of modernization-investment ventures, the granting of credits for current activities (based on the client's credit rating, of course), and the granting of short-term loans (secured in accordance with civil and bill of exchange law).

[GAZETA BANKOWA] This description is too general. Please give us some details of these activities.

[Przywieczerski] The financing of modernization-investment activities is to be done in various forms: From granting credit for investment through joint financing in a direct form (e.g., in exchange for a share in profits), to indirect financing (through the purchase of bonds, stocks or other securities). That is first.

On the other hand, turnover credits in our bank will be granted according to generally applied rules, i.e., primarily on the basis of an evaluation of the borrower's credit rating. In justified cases, we envisage, additional safeguards for the repayment of credit will be used. For example, a guarantee by another economic organization which is financially sound.

And finally, the granting of monetary loans, to both legal entities and individuals. In this case, competent and objective security for our bank's claim will be most important. We anticipate that diverse and flexible formulas pertaining to this security will be applied, including some not practiced by Polish banks recently.

[GAZETA BANKOWA] Naturally, foreign exchange credits are also involved.

[Przywieczerski] Most certainly. We envisage that these credits will be granted according to the rules and on the terms which conform with foreign exchange law. Such credits would be granted out of the bank's own funds and

would also be based on the foreign exchange funds of the stockholders and other clients of ours. The object of such credits would be primarily modernization-investment projects closely connected with the growth of export.

[GAZETA BANKOWA] Maybe my information is not entirely reliable, but it indicates that it is precisely the question of foreign exchange turnovers that is the main reason the formation of the BIG bank is being blocked.

[Przywieczerski] We cannot and do not want to desist from this because the offer of foreign exchange credits, in addition to zlotys credits, is essential in order to comprehensively serve our clients and fulfill the bank's main statutory goal. Obviously, during the first stages of activity we expect that operations will be limited to the domestic market and to our own people, because foreign exchange operations cannot be begun until important financial problems connected with the start of cooperation with foreign banks are solved. So much for explanations.

However, as to what is blocking the formation of the bank: It was first suggested to us that it would be senseless to base our statute on the old bank law, which needed to be amended very quickly. Well, we got a new law, in which the conduct of economic foreign exchange activity by a bank requires the approval of the Bank Council.

[GAZETA BANKOWA] In other words, the Bank for Economic Initiatives will not be a BIG bank very soon.

### **Protocol Signed to Improve, Develop Rail Links to GDR**

26000540a Warsaw RZECZPOSPOLITA in Polish  
10 May 89 p 2

[PAP article: "New GDR Rail Connections"]

[Text] The development and improvement of passenger train transportation between Poland and the GDR was the main topic of discussions conducted 9 May by Janusz Kaminski, minister of transportation, shipping and communication, with East German minister of transportation Otto Arndt who was visiting Poland.

Cooperation in transportation by both countries has a chance for increasing considerably. As of 28 May a new passenger train will run from Berlin to Olsztyn via Szczecin and Bydgoszcz. Also in the plan is establishment of a new rail connection between Szczecin and Rostock.

Both ministers also discussed preparations for organizing transportation associated with the vacation youth exchange between Poland and the GDR.

Further actions to shorten the stopping time of trains at border stations between Poland and the GDR were agreed upon. There is a possibility of extending for future 5-year periods the agreement on overhauling East German ships at Polish ship refitting yards.

All these issues were reflected in a protocol of the conversation between the two ministers signed on 9 May.

**KERM Views Krakow Economic Zone Difficulties**  
*26000540b Warsaw RZECZPOSPOLITA in Polish*  
*11 May 89 pp 1, 4*

[Article by eg: "An Example for Others"]

[Text] The example of Krakow's economic zone proves best how difficult it is to set new economic initiatives in motion. First, experience is lacking; second, formal legal, economic and organizational provisions are necessary.

KERM's [Economic Committee of the Council of Ministers] hours long discussion at a traveling meeting in Krakow, preceded by visits to work sites and construction sites of nine working groups, began with a presentation of the zone's main purposes and economic potential by President Tadeusz Salwa and PZPR Krakow Committee Secretary Jozef Gajewicz, chairman of the Krakow People's Council Apolinary Kozub, and Dr Tadeusz Syryjczyk. Deputy premier and chairman of the session Ireneusz Sekula, while pointing out very accurately the discrepancies that arise, expressed decisive support for the Krakow initiative.

"Zones," said the deputy premier, "are created in order to earn money and spend the funds earned sensibly to develop the infrastructure, residential construction, protection of monuments and the environment, restructuring and modernization of industry and the development of science, education and culture."

In discussing Krakow's economic privileges and agreeing on decentralization of many powers, KERM representatives focused their attention on conditions the zone must meet in actions on behalf of economic development and consolidation, without infringing on the rights of third parties, especially the balance sheet and the central budget.

Deputy Premier I. Sekula promised that KERM would recommend support for this concept to the Council of Ministers, provided that crucial legislative and organizational conditions are met to guarantee the desired rate of economic development through high level technological and organizational solutions.

Krystyna Marszalek Mlynczyk, undersecretary of state at the Ministry of Culture and Art, noted that proposed legal and economic preferences must be accompanied by stricter penalties in the area of protection of monuments;

she recommended including in the central plan construction of a Krakow opera house. Minister Bogumil Ferenstajn acknowledged the capabilities of Krakow's building trade and the willingness of enterprises to complete all of the zone's necessary capacity buildings beyond the plan. Undersecretary of State Bronislaw Kaminski stressed the need to coordinate economic and ecological goals throughout the zone with benefits for the economy and inhabitants of the entire region.

During the frank, hours long discussion, concern broke through for the future of the zone which, as KERM Chairman I. Sekula said, should be the best propaganda for action of behalf of economic consolidation, a good example for others.

**Steady Polish-Finnish Trade Levels Described**  
*26000541a Warsaw RYNKI ZAGRANICZNE in Polish*  
*No 46, 18 Apr 89 p 8*

[Article by A. Pudelski and M. Garbacz: "Mutual Trade Exchanges"]

[Text] Polish-Finnish trade is holding at a relatively stable level. Our exports, whose value amounted to \$213 million in 1980, again approached the \$200 million level last year, increasing by over 20 percent; hence, faster than our aggregate exports to capitalist countries.

Imports from Finland are traditionally lower and in recent years have amounted to roughly one-third of our exports. But in the past two years a more conspicuous increase in imports has occurred; in 1988, imports increased by more than 60 percent to \$134 million. But to a great extent this includes indirect imports from the Soviet Union, mainly petroleum and Lada automobiles which, according to Polish criteria for purchase and sale, figure in our statistics for trade with Finland.

This structural lack of balance has always weighed on our economic relations and induced the Finnish side to seek new ways of ensuring greater balance in mutual trade. But it must be said that our indirect imports from the USSR allow Finland to increase exports to that country, with which it settles in clearance by the equivalent value of contracts with Poland. Thanks to the attainment of a credit agreement, there are possibilities for decreasing this imbalance, since it should serve to increase our capital investment purchases on the basis of guaranteed loans.

The leading item in our exports is coal, deliveries of which in recent years have been at the level of 2-2.5 million tons (in 1988 they amounted to 2.05 million tons). This constitutes over one-third of aggregate exports and its value in 1988 came to \$70 million in 1988. Coal will remain a major item in our exports to Finland in the future, because this is not only a traditional market but also an attractive one for us.



In second place were goods from the electromechanical industry, where exports totaled \$35 million. The scale of our imports of electromechanical products from Finland was similar, amounting to \$33 million.

Industrial cooperation does not constitute a big part of trade. During a session of the joint commission in June 1988, six subjects for cooperation were noted. Some of them, in the area of "pyro-flow" boilers, for instance, go beyond bilateral contacts and anticipate cooperation in other markets. There are also other examples.

#### **Cooperation in Antibiotic Production**

In April 1988, the Polfa Tarchomin plant and Ciech Foreign Trade Center signed an agreement with the Finnish firm Orion Corporation Ltd regarding production in Poland of erythromycin compounds based on technology modified somewhat by Polfa and furnished by the Finnish partner. This is a new generation antibiotic intended mainly to treat upper respiratory infections in children.

Cooperation is proceeding very successfully, encompassing exchanges of scientific and technological experiences, research methods, etc. As a result of this, Polfa will supply at least 8 tons of this antibiotic to the Finnish market, worth about 6 million Finnish marks.

Finland's favorable economic situation and the present state of legal regulations fosters continued development of trade relations. The agreement on mutual elimination of trade barriers (Kevsos), entered into in 1978, has particular significance in this area. On the strength of its provisions, mutual trade in industrial articles is of a duty free nature. Also eliminated were quantity limits and licensing of certain groups of goods.

Despite this agreement, so-called self-limits of our exports, cement and textile products, are retained in practice, compelled by the Finnish side.

#### **Polish Textiles in Finnish Stores**

In 1988 light manufacturing partnerships sold Finland textile products for \$15.2 million, which was 8 percent of Polish exports to that country. Traditionally, the biggest exporters are the Lodz partnerships Tricot, Textilimpex, Confexim and Skorimpex, whose total exports came to \$14 million.

The Lodz partnerships dress Finns "from head to toe." Textiles for the home, including fabrics and bed linens enjoy great success. One can find Polish clothing products and textiles in stores including the network of the biggest shops such as Stockmann, Sokos, Sepala, Pukeva, Antilla and Halonen.

Since 1986, when tariffs in trade between the two countries were lifted, dynamic growth in exports has been recorded. The rapid growth of exports of fabrics and

clothing from CEMA and Asiatic countries caused the imposition of limits by Finland on the basis of provisions of the Multi-Fiber Agreement. Finland signed 10 bilateral agreements limiting exports of textile products for that market, including one with Poland.

Among undertakings relating to joint ventures, one should note the emergence of the first partnership, Felgex, with a capital investment share from a Finnish firm. The goal of this partnership is production of tires for farm machines. Three more joint venture products are in the process of analysis. One should reckon that the program for restructuring our industry and conditions favorable to undertaking economic activity in Poland will induce more Finnish firms to closer interest in cooperation with our country, in the form of capital involvement as well.

Favorable circumstances, high domestic demand and relatively high prices and the position of the Finnish mark should be conducive to an increase in interest on the part of our exporters in the Finnish market and produce a revitalization of exports as a result. At the same time, increased capital investment purchases mean that our traditional trade surplus will diminish, but this will generate improvement in the climate of mutual trade relations.

#### **Polish Manufacture of Industrial Sewing Machines Planned**

*26000550a Warsaw RYNKI ZAGRANICZNE in Polish No 60, 20 May 89 p 2*

[Text] The Polish garment industry, both the key as well as the cooperative and crafts, for years has had to import industrial sewing machines. The last equipment of this type left the Lucznik plants in Radom approximately 20 years ago.

The possibilities of purchasing these machines in the socialist countries are very limited. The only deliveries, and they are small, come from the GDR. The remaining machines are imported from the second (hard currency) payments zone, mainly from the FRG and Japan. It is estimated that at present clothing factories are using about 80,000 units of this type of equipment.

On Thursday, however, we learned that soon it will be sufficient to have only zlotys to modernize or expand production capacity. In Warsaw a licensing agreement was signed with the West German firm Durkopp and Adler. During the initial period of cooperation it is expected that machines strictly from parts furnished by the FRG partner will be assembled in Radom's Lucznik. In the following years they will be systematically replaced by subassemblies manufactured in our country. In 4 years this will be a machine produced entirely in Poland.

It is planned that the ultimate production will be 10,000 units a year. Taking into account the number of machines in our inventory and the fact that the equipment must be replaced every 8 years, it appears that domestic production will be enough to cover the needs of our own industry. But the agreement allows for the export of any surplus—to socialist countries for now. The foreign-currency costs of purchasing the license and training people is covered by the garment industry, which perhaps best attests to its interest in starting up domestic production. Universal signed the agreement for our side.

#### **Lublin, Lvov Trade Chambers Plan Exhibits**

26000541b Warsaw RYNKI ZAGRANICZNE in Polish  
No 48, 22 Apr 89 p 8

[Text] In December of last year an agreement on cooperation between the Lvov Division of the Ukrainian Trade and Industry Chamber and the Polish Chamber of Foreign Trade divisions in Lublin and Rzeszow was signed in Lublin. Cooperation is to be based on an exchange of information about enterprises that desire to enter into direct manufacturing, scientific, technical and trade cooperation. Both chambers are to offer interested parties advice on economic, currency, financial and legal matters. Specialist symposiums will also be organized, as will exhibits of goods that can be produced jointly or exchanged for other articles and raw materials.

Signed at the same time was an agreement on organizing promotional exhibits in 1989. At the exhibit in Lublin, Ukrainian economic entities will show products, services and manufacturing capabilities. Thirty-five Ukrainian enterprises will exhibit their offerings. The same number of Polish enterprises will present their offerings at the exhibit center in Lvov this September.

The exhibits will be organized on the basis of nonforeign currency exchanges. The Polish enterprises will pay in zloty for the costs of the exhibit and the enterprise representatives' stay in Lublin, while the Ukrainian enterprises will pay in rubles for the costs of the exhibit and enterprise representatives' stay in Lvov.

Payment for participation in each exhibit will include the costs of renting space, preparing expositions, manning the exhibits, transportation, hotels and food equal to 17 rubles a day for each representative of an enterprise participating in the exhibit. It is anticipated that payment for participation in the exhibit will be significantly less than for other events of this kind.

#### **Nowa Huta Modernization Prospects Discussed**

26000540c Warsaw RZECZPOSPOLITA in Polish  
11 May 89 p 4

[PAP Article: "Minister M. Wilczek on Nowa Huta Modernization Prospects"]

[Text] Minister Mieczyslaw Wilczek, participating in KERM's [Economic Committee of the Council of Ministers] traveling meeting, at which pollution of the environment by Nowa Huta was discussed, said Krakow's rights must prevail over those of the foundry, because the issue of environmental pollution in Krakow has gone too far.

He also stated that there are opportunities to find a partner who would be willing to establish a partnership. Its purpose would be reconstruction and modernization of the plant's steel works. This would not only permit a decrease in harmful emissions but would also save energy, coal and coke and increase steel production. "These results would pay for the costs of the entire reconstruction," said Minister Wilczek.

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